




Your Companion  
for the Future

One  
Shinhan

Aim Higher and   
Creatively Pioneering Ahead

# Shinhan Financial Group

FY2019 1H



Shinhan Financial Group

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## Korea's Leading Financial Institution

Sustainable Net Income growth driven by solid core earnings and consistent ROE enhancing business strategy (5<sup>th</sup> 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%<sup>1)</sup>
  - 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



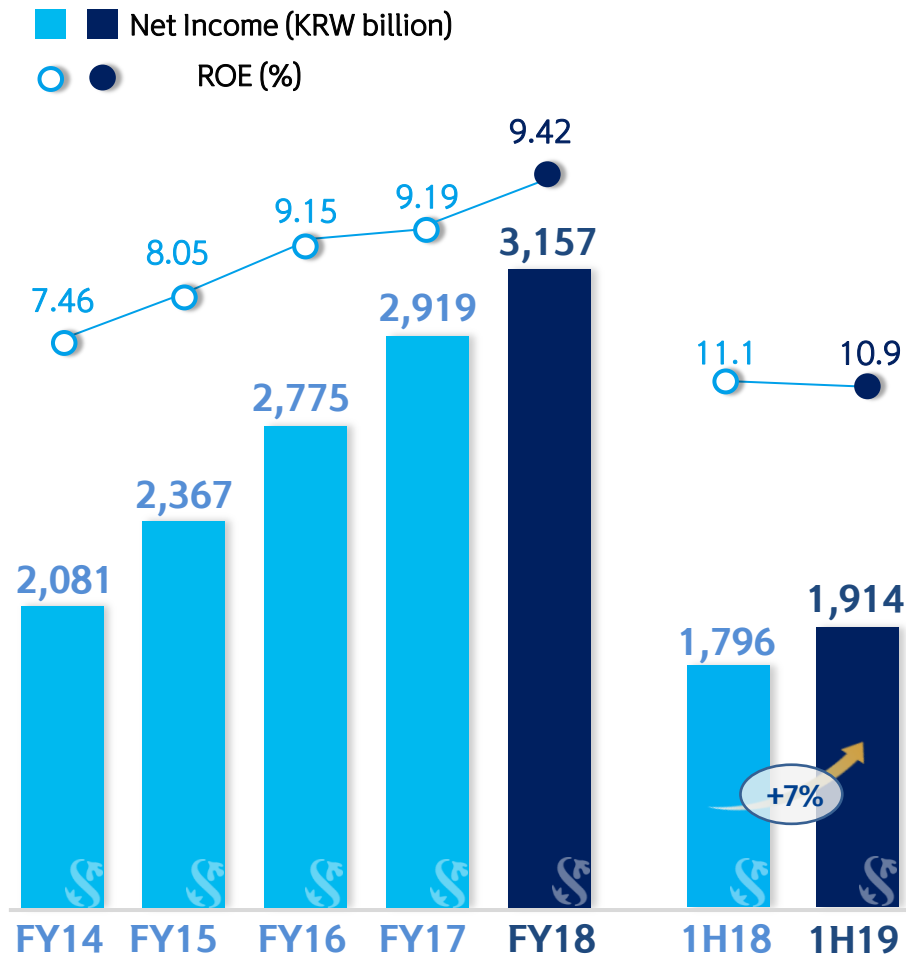
## Top 500 Banking Brand

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

\* Source: The Banker (Feb. 2019) :

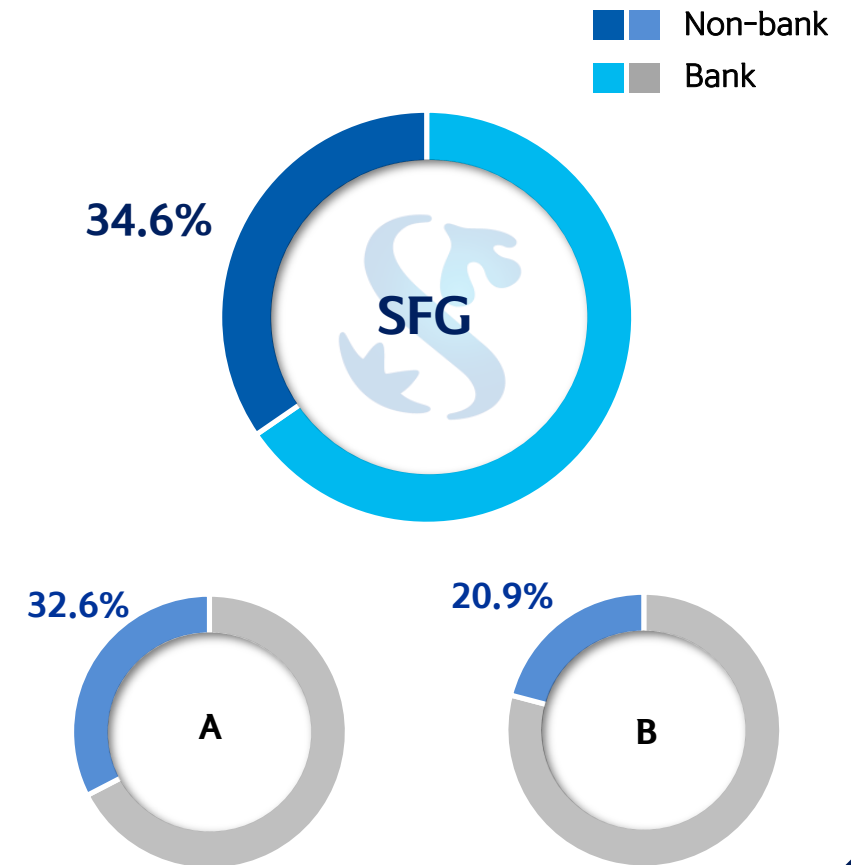


## Consistent Net Income Growth



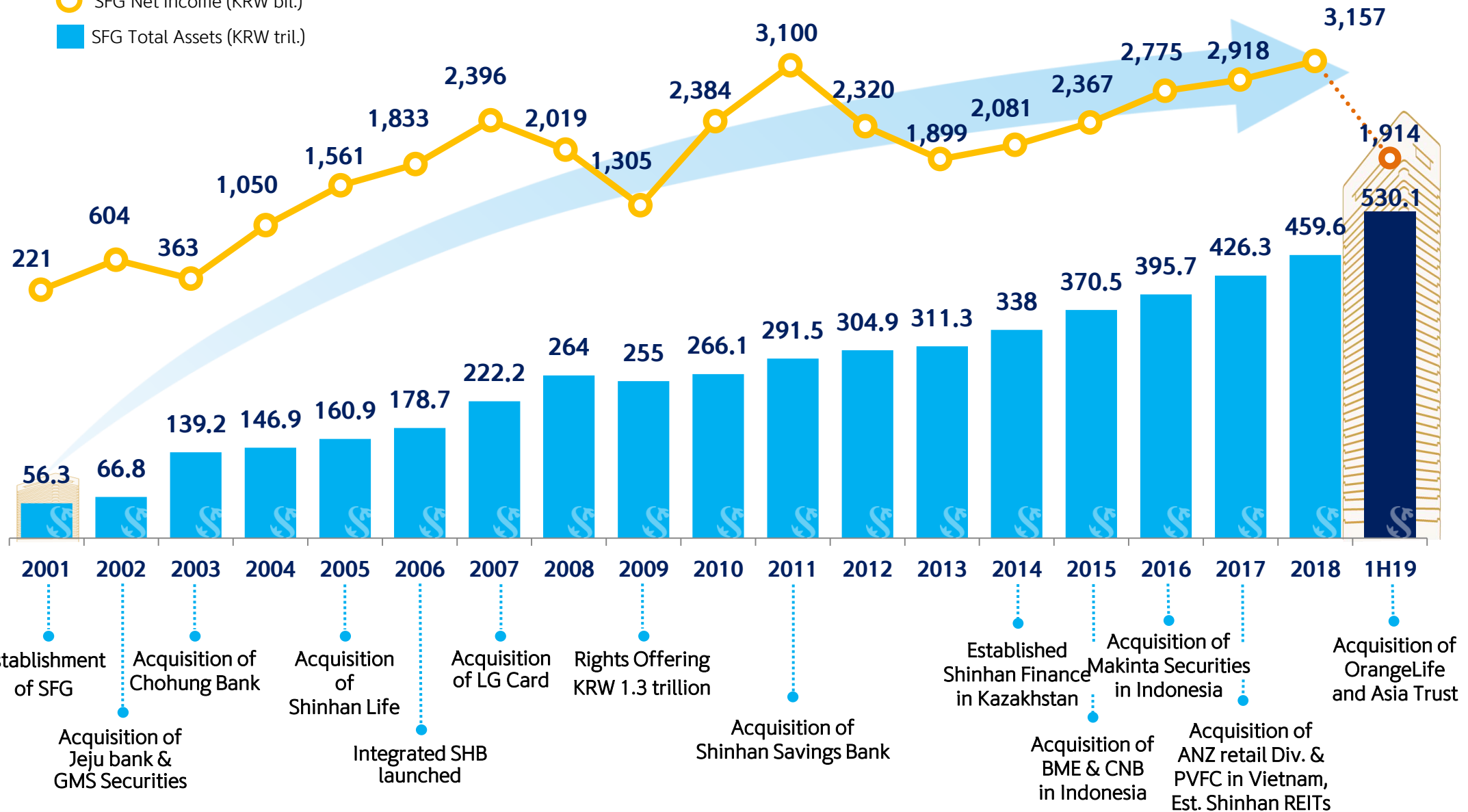
## Diversified Profit Base

### ● 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.)

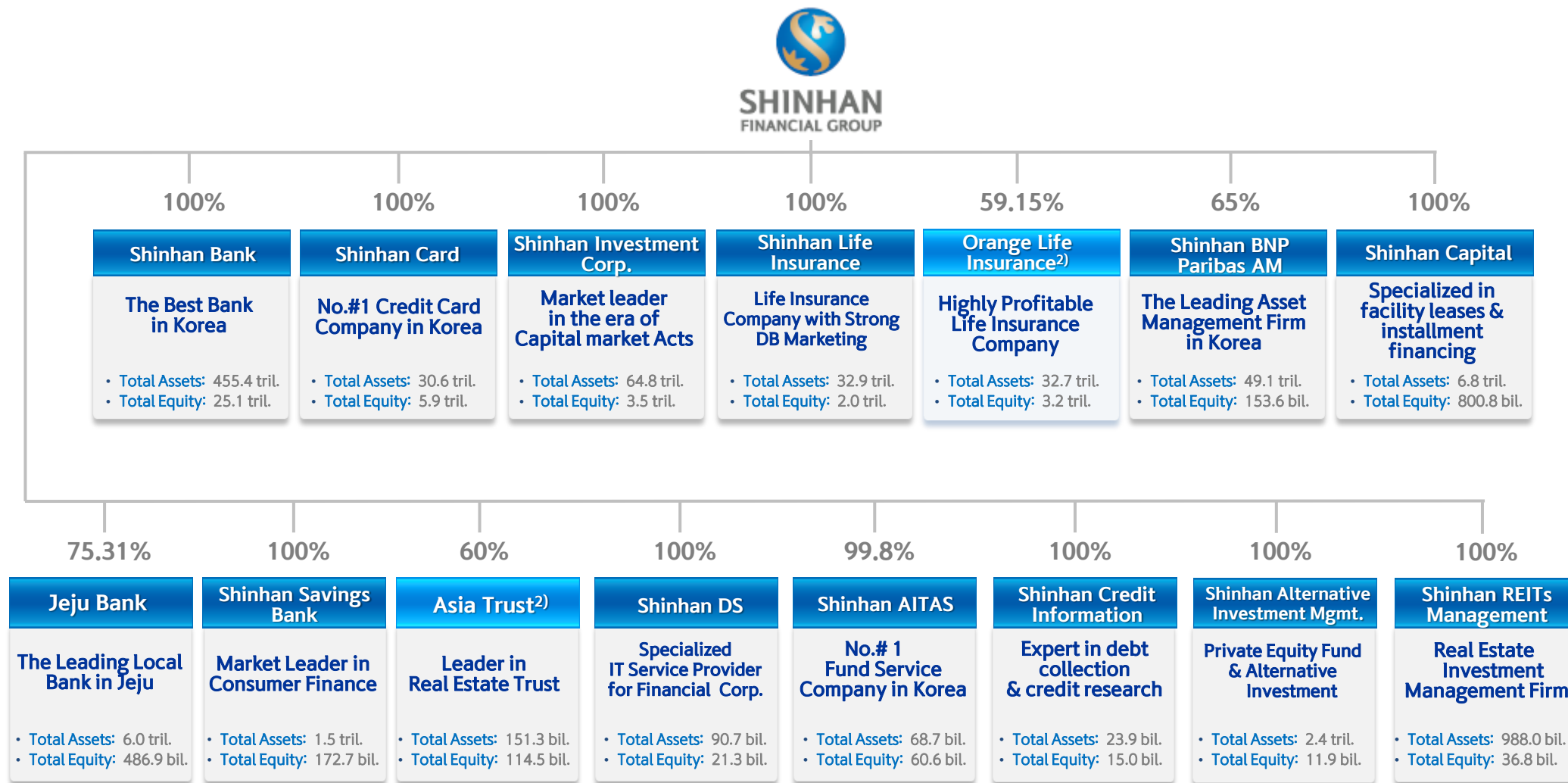




# Shinhan Financial Group Overview / Group Organization

## 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



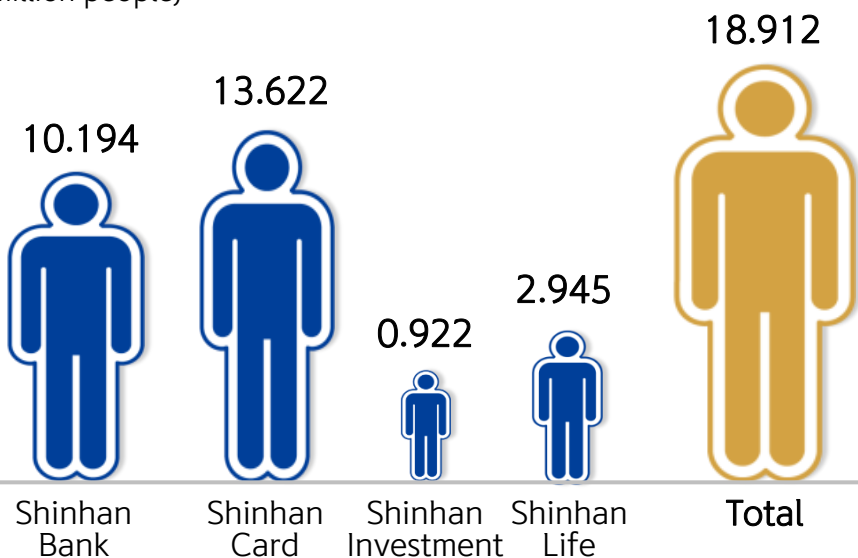
## Customers



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
<b>Total</b>	<b>1,385</b>

### Hybrid Branch

Company	# of Branches
PWM Center	27
PWM Lounge	31
Creative Finance Plaza	14
<b>Total</b>	<b>72</b>

\* As of 1H FY19

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## Shinhan WAY

“Shinhan WAY” is the value system and guiding principle for all Shinhan employees’ thoughts and actions.

### Mission

**A Better World through Finance**



### Core Value



Customer



Respect



Change



Excellence



Ownership

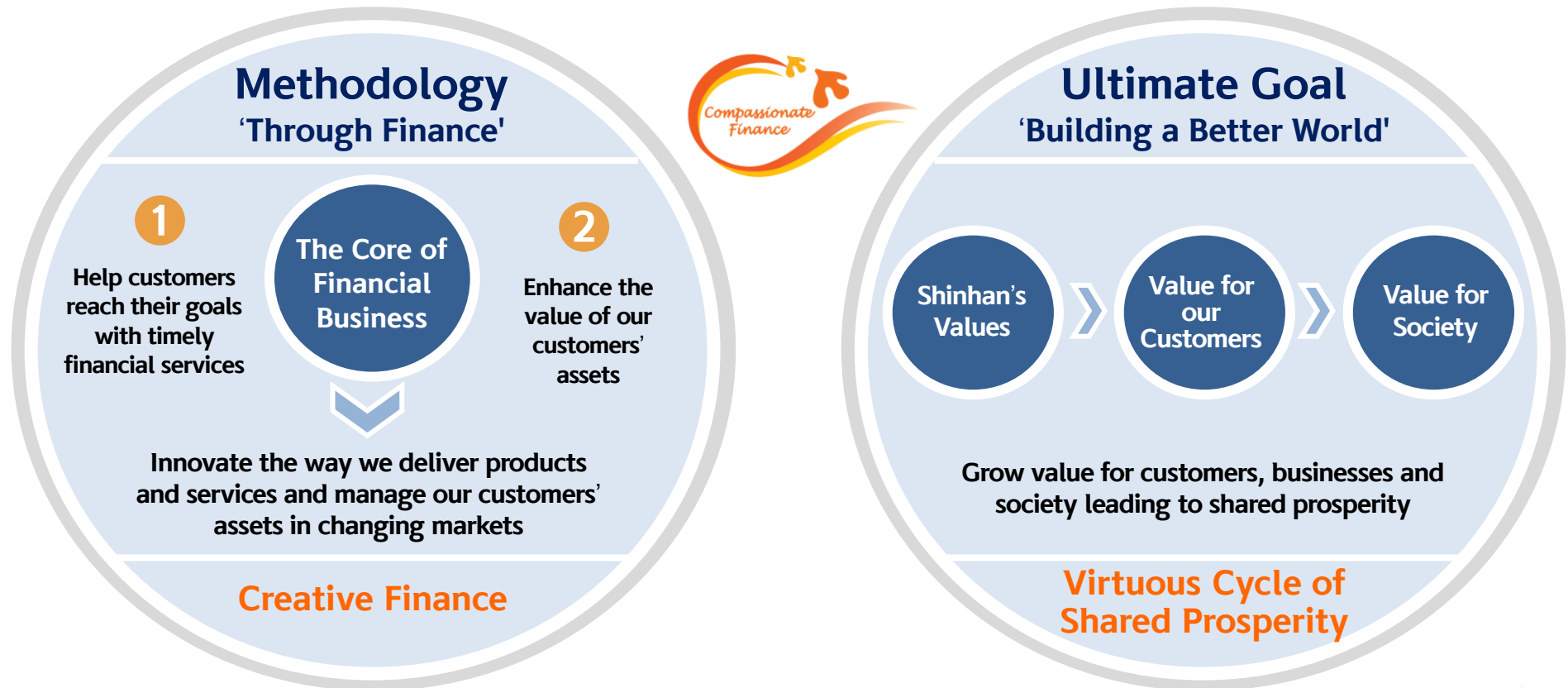
### Vision

**World Class Financial Group**



## Compassionate Finance, Your Companion for Future

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







## 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



# Shinhan Financial Group's Core Capabilities / Stable Corporate Governance

## Shareholders

(As of 1H FY19)



### Major Shareholders

Shareholder	Ownership(%)
National Pension Fund of Korea	9.38
BlackRock Fund Advisors <sup>1)</sup>	6.13
SFG ESOP	5.10
BNP Paribas	3.55
Citibank N.A. (ADR dept.)	3.00
The Government of Singapore	2.52
Norges Bank Investment Management	1.70
Vanguard Total Int'l Stock Index	1.32
Peoples Bank of China	1.07
Lazard Ltd.	1.06

NOTE 1) Large equity ownership disclosure by BlackRock Fund Advisors with FSS on Sep. 27, 2018

## CEO & Subsidiary Management



### Cho, Yong-byung

- Chairman & CEO, Shinhan Financial Group (incumbent)
- Work Experiences
  - 2015 – President & CEO, Shinhan Bank
  - 2013 – CEO, Shinhan BNP Paribas Asset Management
  - 2009 – Deputy President, Shinhan Bank

### Subsidiaries Management

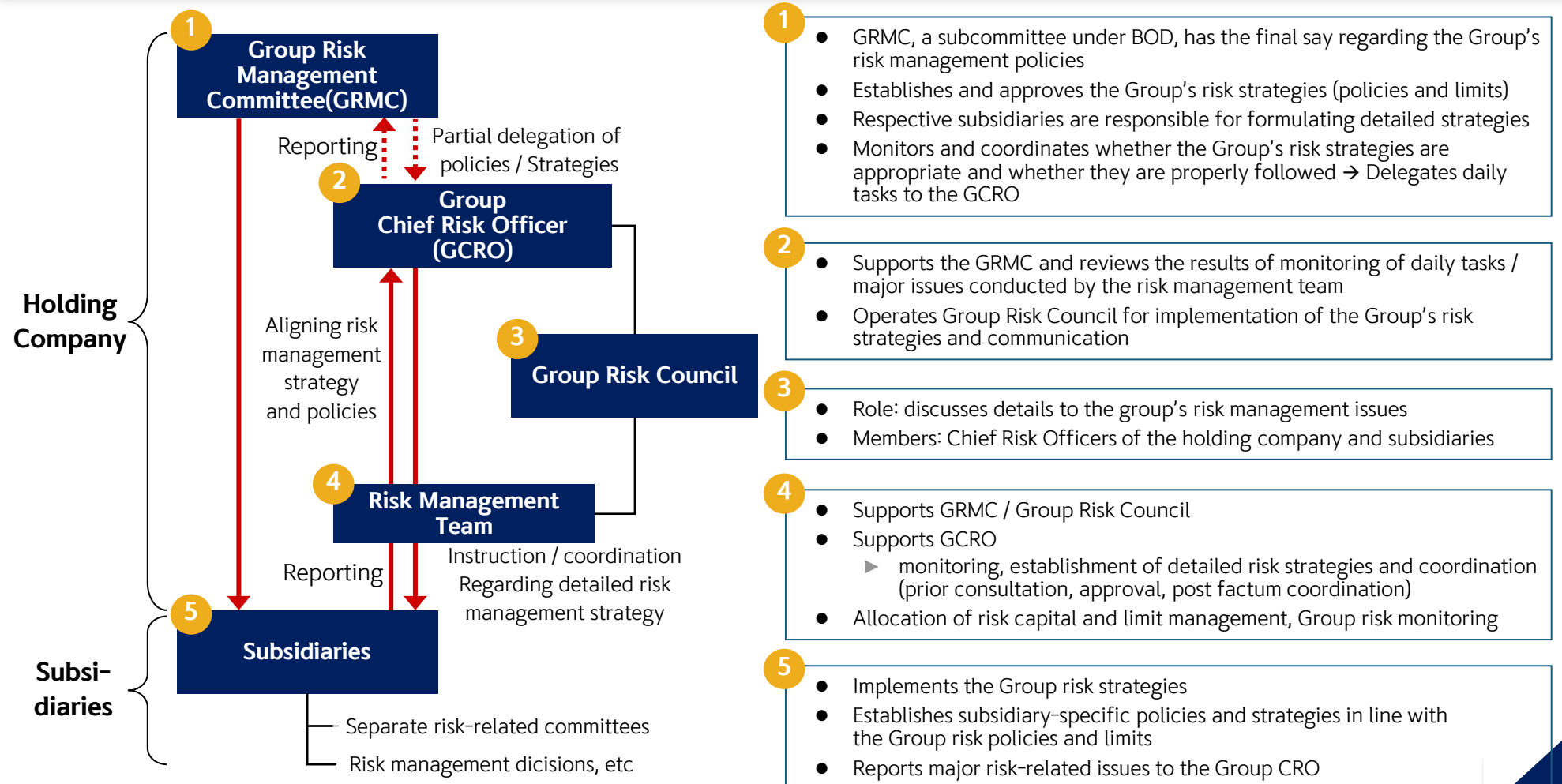
1. Shinhan Bank: Jin, Ok-dong, CEO
2. Shinhan Card: Lim, Young-jin, CEO
3. Shinhan Investment: Kim Byeong Cheol, CEO
4. Shinhan Life Insurance: Sung, Dai Gou, CEO
5. OrangeLife Insurance: Cheong, Munkuk, CEO
6. Shinhan BNPP Asset Management: Lee, Chang Goo, CEO
7. Shinhan Capital: Heo, Young Taeg, CEO
8. Jeju Bank: Seo, Hyun-joo, CEO
9. Shinhan Savings Bank: Kim, Young-pyo, CEO
10. Asia Trust: Bae, Il Geu, CEO
11. Shinhan DS: Yu, Dong Uk, CEO
12. Shinhan AITAS: Choi, Byeong Wha, CEO
13. Shinhan Credit Information: Lee, Ki Jun, CEO
14. Shinhan Alternative Investment: Kim, Hee-song, CEO
15. Shinhan REITs Management: Nam, Koong Hun, CEO



# Shinhan Financial Group's Core Capabilities / Thorough Risk Management

The Group's risk management policies are established by the Risk Management Committee (comprised of directors appointed by the BOD) and the Group Risk Council (comprised of Group & Subsidiaries CROs) implements / monitors detailed strategies.

## SFG Risk Management Structure





# Differentiated Risk Management

To ensure the Group's sustainable growth, SFG pursues a balance of risk and return. SFG conducts integrated and proactive strategic risk management to respond to various business risks and regulations.

## Group's Risk Framework

### Mission

**"Capture the Essence of Change to Promote Group's Balanced Growth."**

### Strategy

2017

2018

2019

2020

#### Preemptive Risk Management

Interest Rate Fluctuation

US-China Trade Dispute

Tightening Regulation on Capital and Liquidity

Change in Accounting Standards

Productive/Inclusive Financing

**Strengthened Risk Management in a VUCA Environment**

**Effective Management of Capital and Business Portfolio**

**1** Sophistication of Crisis Prediction and Resilience

**2** Management of Future Industry Restructuring

**3** Develop Optimal Portfolio Management under Regulatory Environment

**4** Develop Screening and Loan Portfolio Guidance

#### Strategic Risk Management

New Growth Engine

Further Global Expansion

Digital Transformation

"One Shinhan" Synergy

Socially Responsible Management (ESG)

**Expanded Risk Management Spectrum**

**Strengthened Group Risk Management under "One Shinhan"**

**5** Strengthening Risk Management in Areas of New Growth

**6** Improving Global Business Risk Assessment and Assessment Models

**7** Digitally Transforming Group Risk Management System (using big data and other state of the art methodologies)

**8** Expanding Application of the Group's Integrated Credit Risk Assessment System Loan Platform

**9** Environment and Social Risk Management

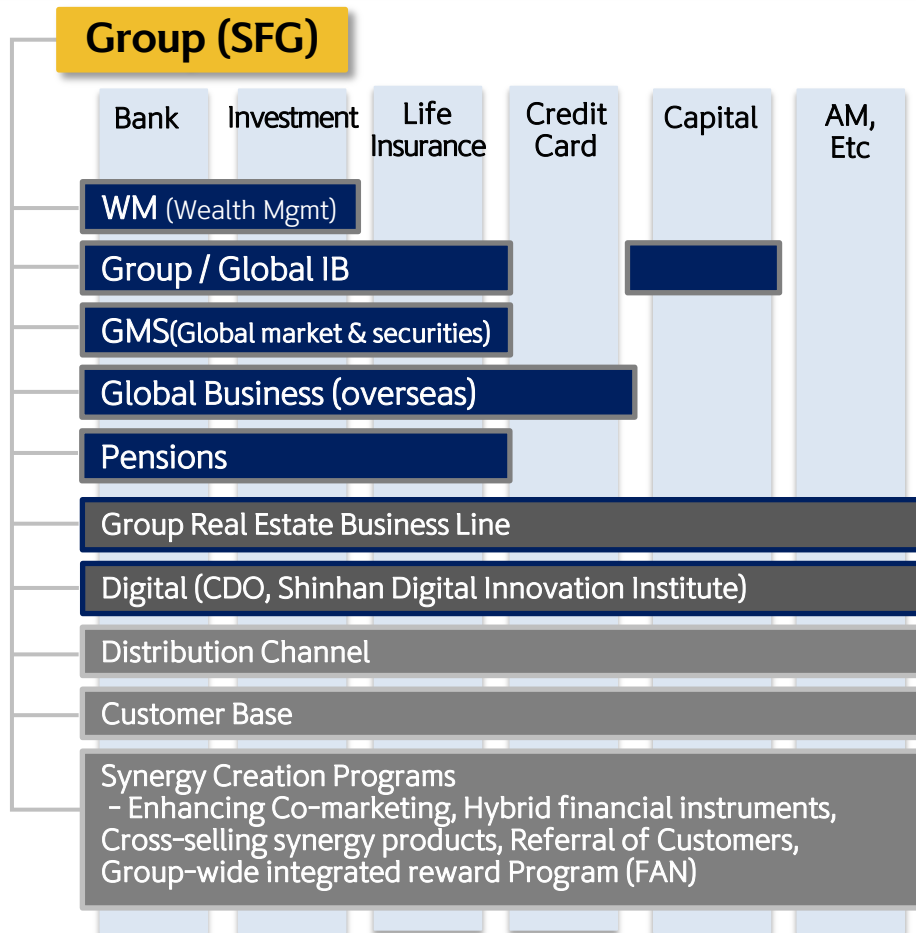
**10** Strengthening Customer Risk and Operational Risk



# Group Synergy Creation | One Shinhan

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

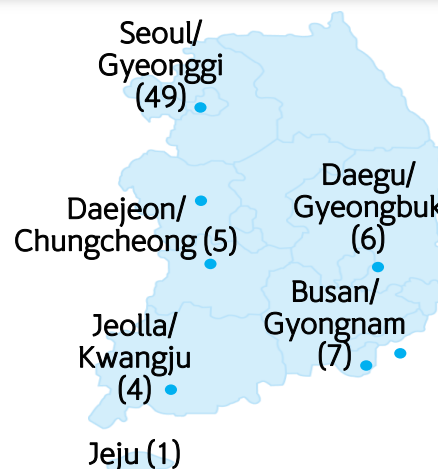
## One Shinhan Business Model



## Number of Combined Branch



## Combined Branch Network



### No. of Combined Branches

- PWM Center (27)
- PWM Lounge (31)
- Creative Finance Plaza (14)

(As of 1H FY19)



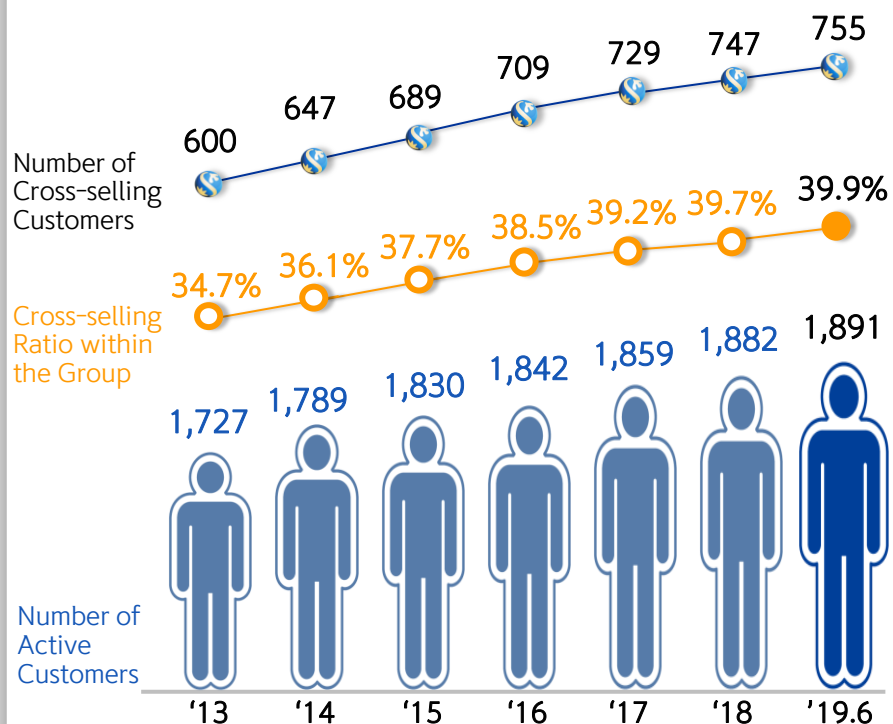
## Group Synergy Business Model

### [Synergy]

Enhance co-marketing among subsidiaries  
to increase cross-selling customers

#### ● Increasing Active Customers

(10 thousands people)



## Synergy Creation Activities and Programs

### Increasing Cross-selling Customers

- Among 18.9 mil. Group active customers, 7.5 mil. Customers are cross-selling customers as of FY2019 1H
- Operating Group royalty program to enhance customer value through cross sales (Tops Club Program)

### Enhancing Co-marketing

- Co-marketing investment products such as Alpha REITs, Credit Cards
- Established online group co-marketing platforms such as Shinhan Plus, Smarket Loan Market, and Jeju Gini

### Hybrid Financial Instruments

- Co-developing and selling hybrid financial products such as Deep Dream, FNA/S-lite (Bank account linked with investment account) etc

### Cross-selling Synergy Products

- Promoting of cross-selling non-bank products such as credit card, mutual fund, bancassurance and FNA via various subsidiaries channel (bank, Insurance, Brokerage, etc)

### Referral of Customers

- Introducing customers from one subsidiary to another to provide various cross-subsidiary financial products such as investment products, loans, leases, credit card, PI, mezzanine etc



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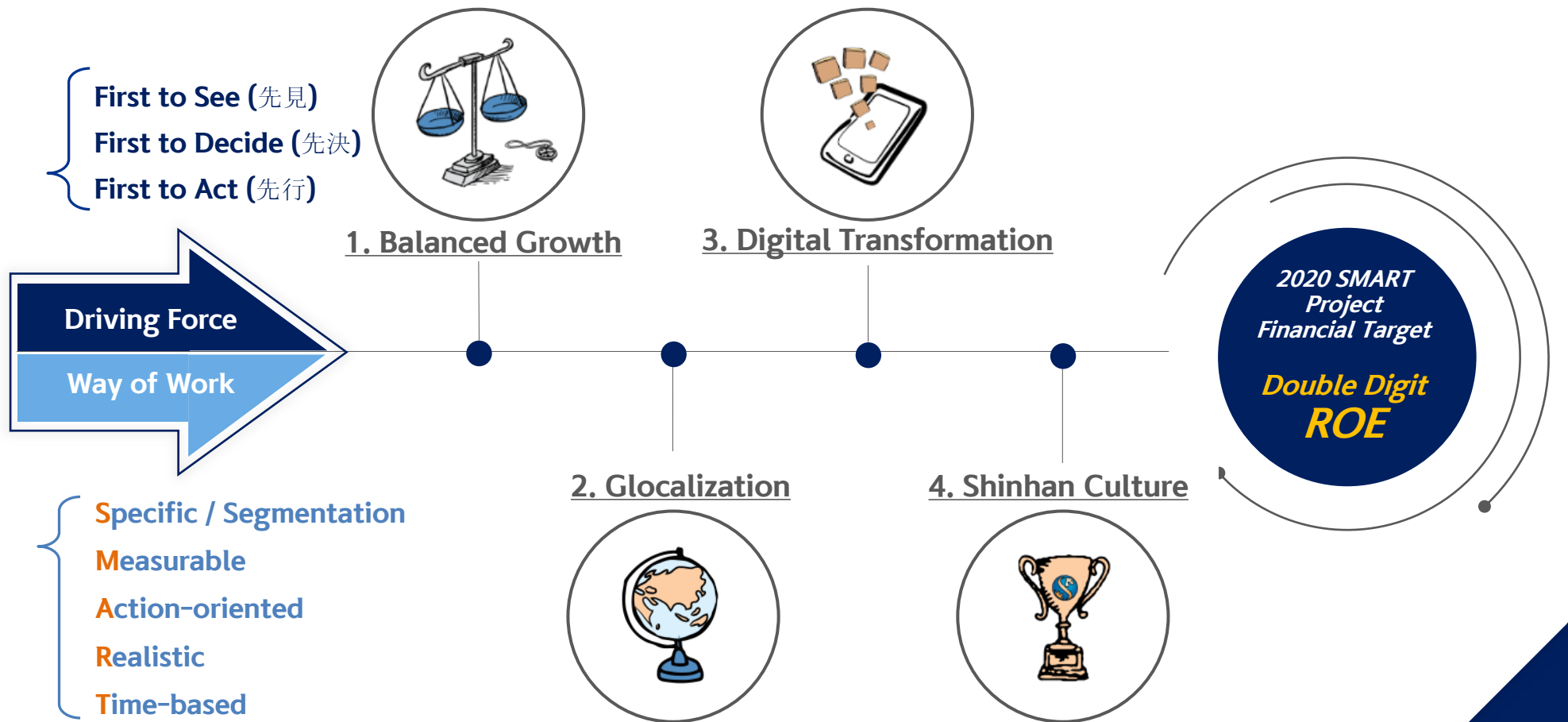




# 2020 S·M·A·R·T Project

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



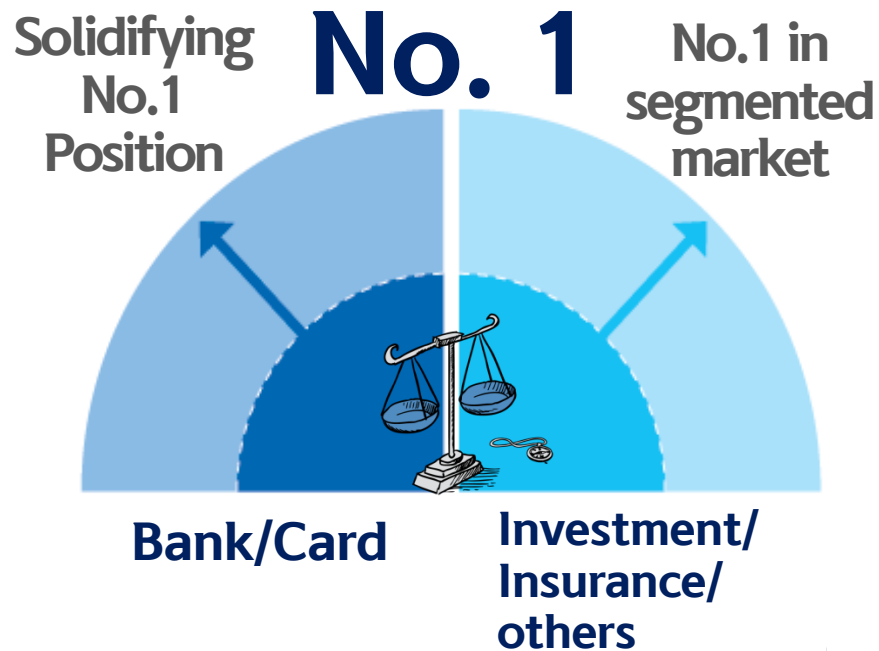




Based on the stable source of income, SFG implements balanced growth strategy for banks and non-bank subsidiaries by finding new growth drivers to maximize the value.

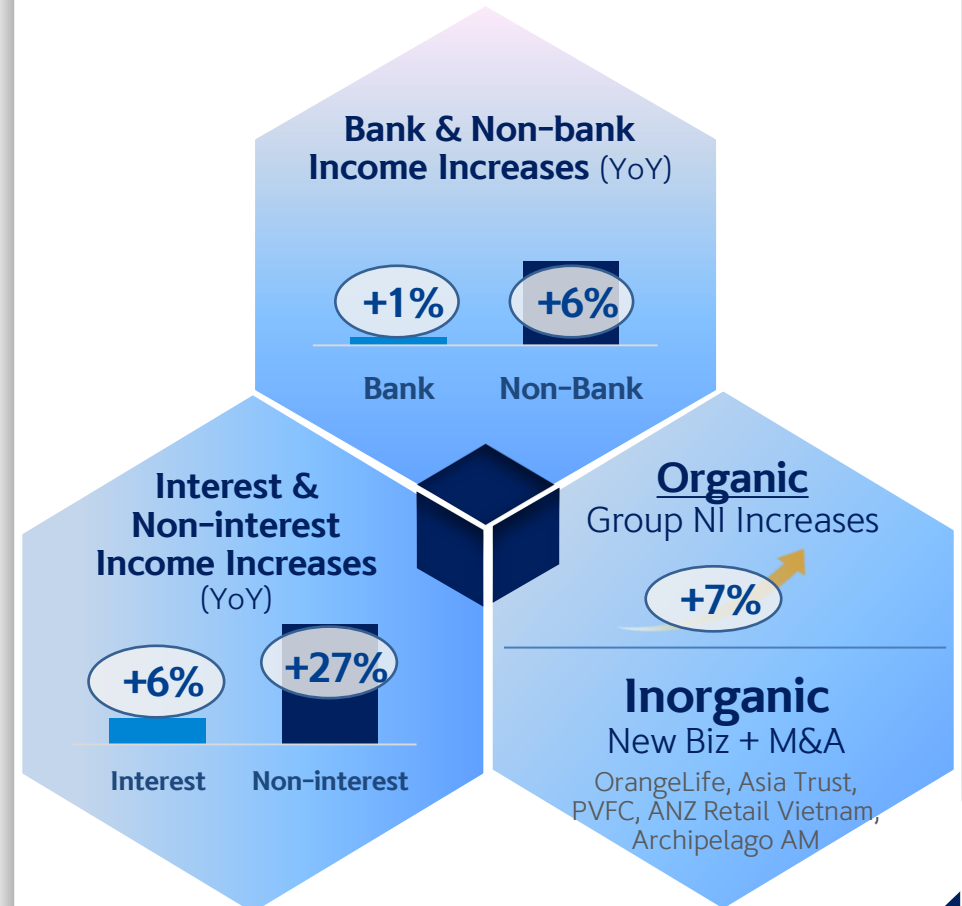
## Balanced Growth Strategy

**Organic + Inorganic Growth**  
to Maximize the Group's Value



## Major Achievements

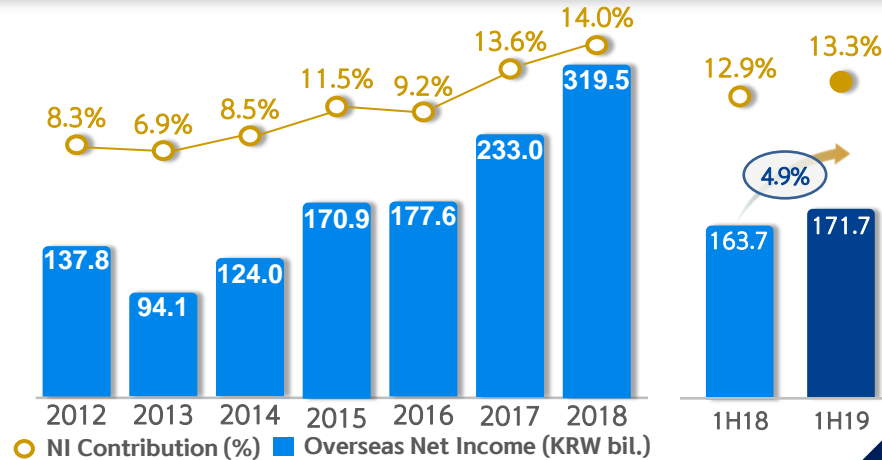
(As of FY2019 1H)



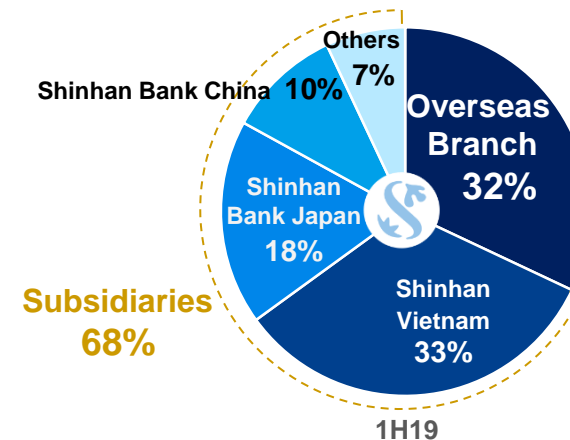


SFG has been consistently putting a lot of effort into the global business operations not only to secure the long-term future growth driver but to diversify the profit base as well.

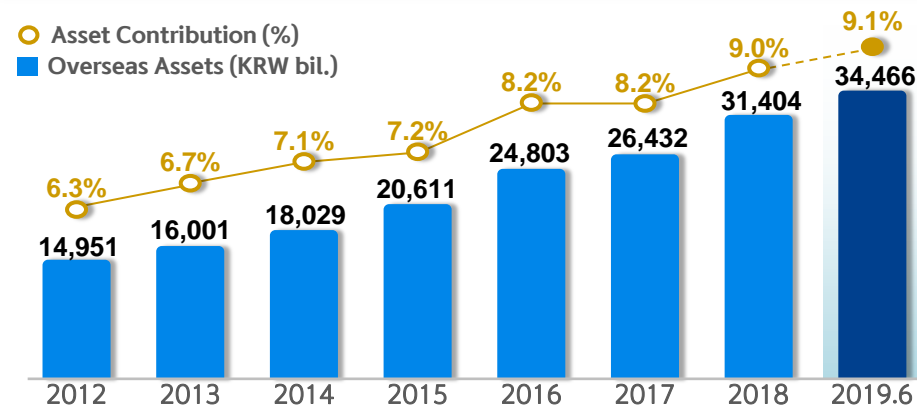
### SHB NI Contribution by Overseas Operation



### SHB NI Composition by Overseas Operation

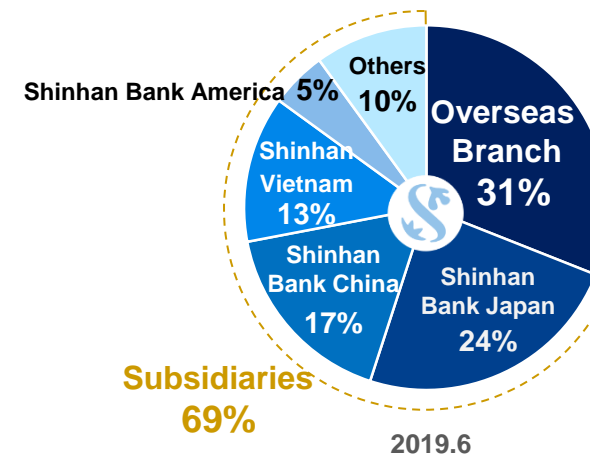


### SHB Asset Contribution by Overseas Operation



Note) KRW amounts of the net income are converted based on the average FX rates of the fiscal years, and the assets are converted based on the FX rates at the end of the fiscal years

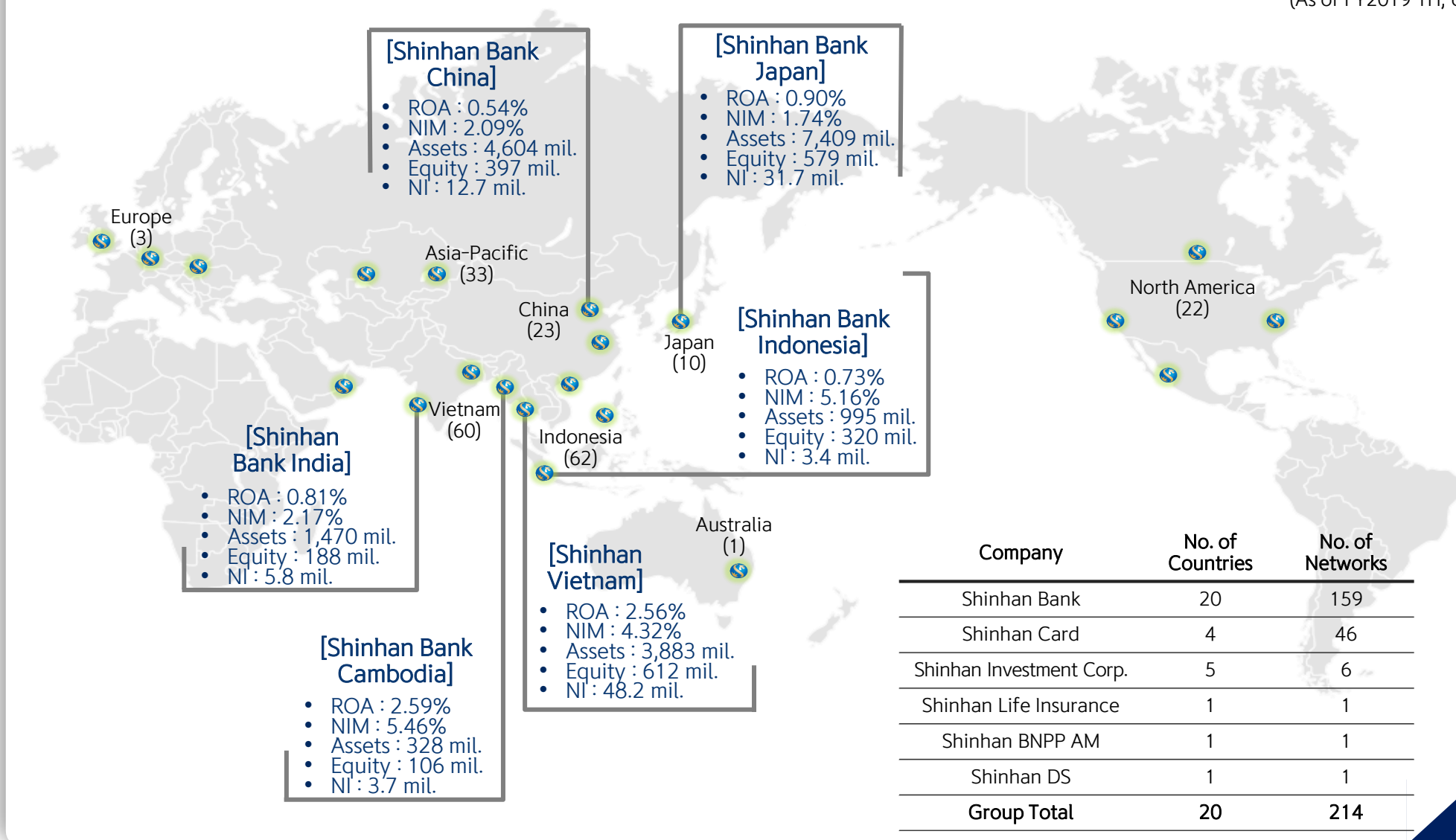
### SHB Asset Composition by Overseas Operation





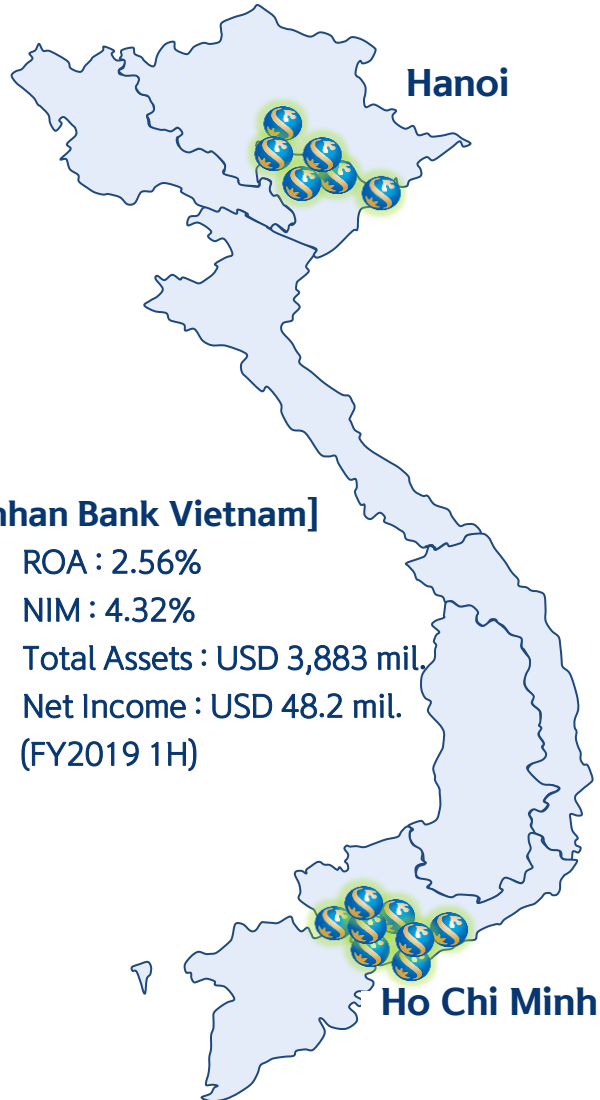
## SFG Global Networks : 20 Countries, 214 Networks

(As of FY2019 1H, USD)





## 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**

1993

### Established Presence (Multi-block Strategy)

- JV with Local Bank (Vietcom Bank, 50:50)
- Rep. office → Branch → Subsidiary

2011

### Achieved economy of scale

- Acquired 50% stake of JV & merged with Subsidiary

2015

### Localization & Synergy Creation

- Joint expansion with Group subsidiaries
- Acquisition of ANZ Vietnam Retail Division (2017)
- Acquisition of Prudential Vietnam Financial Company (2019)

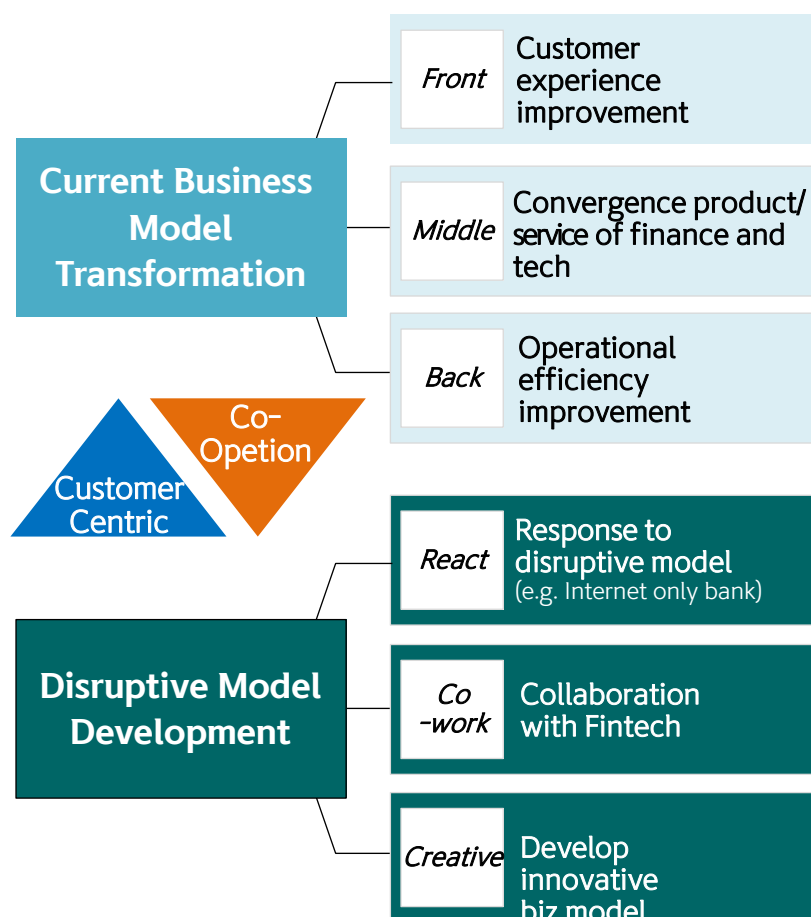
- **Joint expansion with group subsidiaries**

- 1) Credit Card : 7<sup>th</sup> 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.



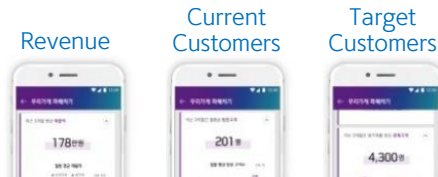
### Middle

#### Develop New Digitally Innovative Products and Services

- Digitally specialized, mobile, convergence products and services



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

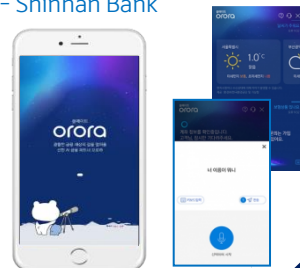


### Back

#### Improve Operational Efficiency

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

SOLmate ORORA (Chatbot)  
- Shinhan Bank



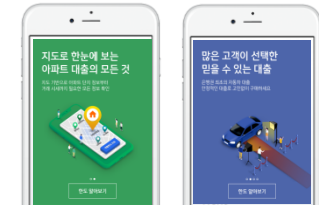
## Disruptive Model Development

### 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



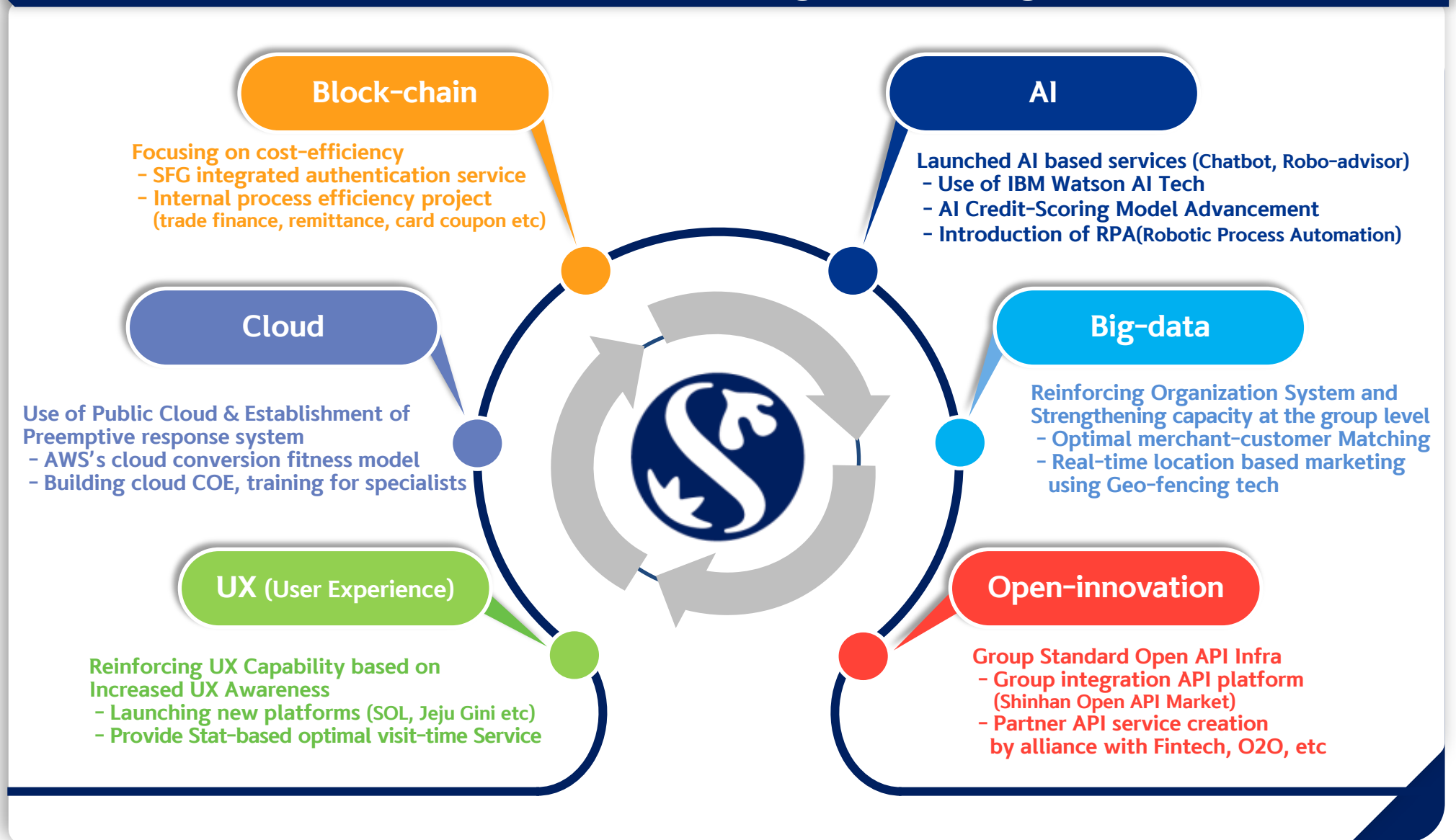
Non-financial platform  
- New biz service in Travel (Jeju-jini)





# 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】



## 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 1<sup>st</sup> Fund (USD 9.3M)
- Established 'Shinhan Future's Lab Indonesia', ('19.9)
  - 2<sup>nd</sup> Future's Lab Established overseas following Vietnam

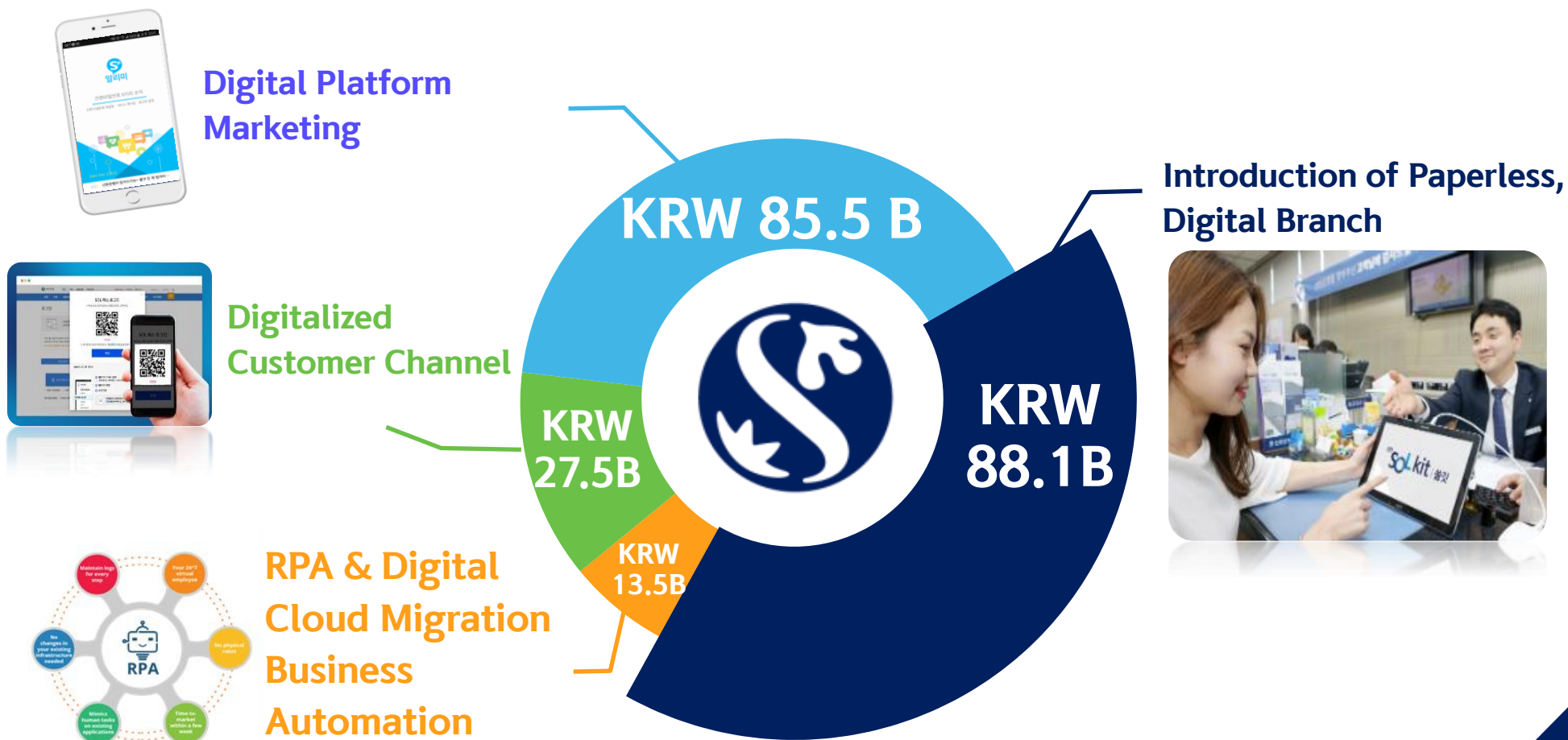





# Digital Transformation : Cost Saving

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)



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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



→ 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

To enhance the mid to long-term values of customers, society and shareholders, SFG has set up 2020 CSR Strategies” in an attempt to proactively respond to a changing sustainability management environment. The strategies formulate the three pillars as well as six commitment strategies ranging from products to service to management.

## 2020 CSR Strategy Framework

### Shinhan, the Leading Financial Group in Asia

Three Pillars

6 Commitments

#### Responsible Growth

##### Provide Solutions to enhance value for customers

Improve customer satisfaction with customer-oriented financial solutions.

Increase future customer values by offering products & services that match a changing environment such as digitalization & an aging society.

##### Fair & Ethical Business Practice

Provide customers with fair information based on ethical business practices

Improve corporate reliability by protecting customers through such means as personal information protection

#### Social Partnerships

##### Increase Financial Inclusiveness

Contribute to the mutual growth of society as a whole with financial support for ordinary people & SMEs

Offer financial services to more customers with the establishment of a financial accessibility platform

##### Establish a Creative & Open Corporate Culture

Maintain expertise by fostering executives & employees' capabilities, establish a flexible, creative corporate culture & smart working environment.

#### Investments for the Future

##### Carry out Corporate Social Responsibilities

Take the lead in bringing about positive changes over the society with responsible investments such as the provision of social/environmental solutions & information to clients.

##### Manage Environment & Societal Risks

Attain a carbon neutral status through an active response to environmental changes & continued environmental efficiency management and to share the awareness of significance of an environment with stakeholders.



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

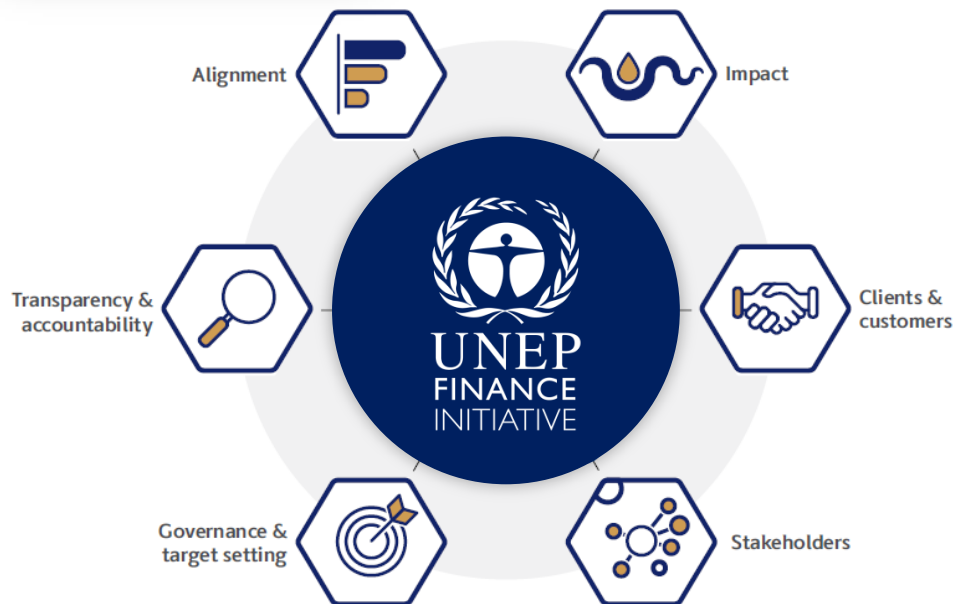


# Principles for Responsible Banking

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



**Core Group Members**  
(Total 30 banks)



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

#### Relationships

- Strengthen relationships

# R

#### Opportunity

- Offer more opportunities

# O

# S

#### Segmentation

- Define targets

# E

#### Environment

- Create a positive environment



### Mid-term Goals sand Key Tasks

Create conditions  
for fostering  
(2018)

- Build a platform to foster female leaders

Increase  
consistency  
(2019)

- More support for developing competencies

Build a healthy  
cycle (2020)

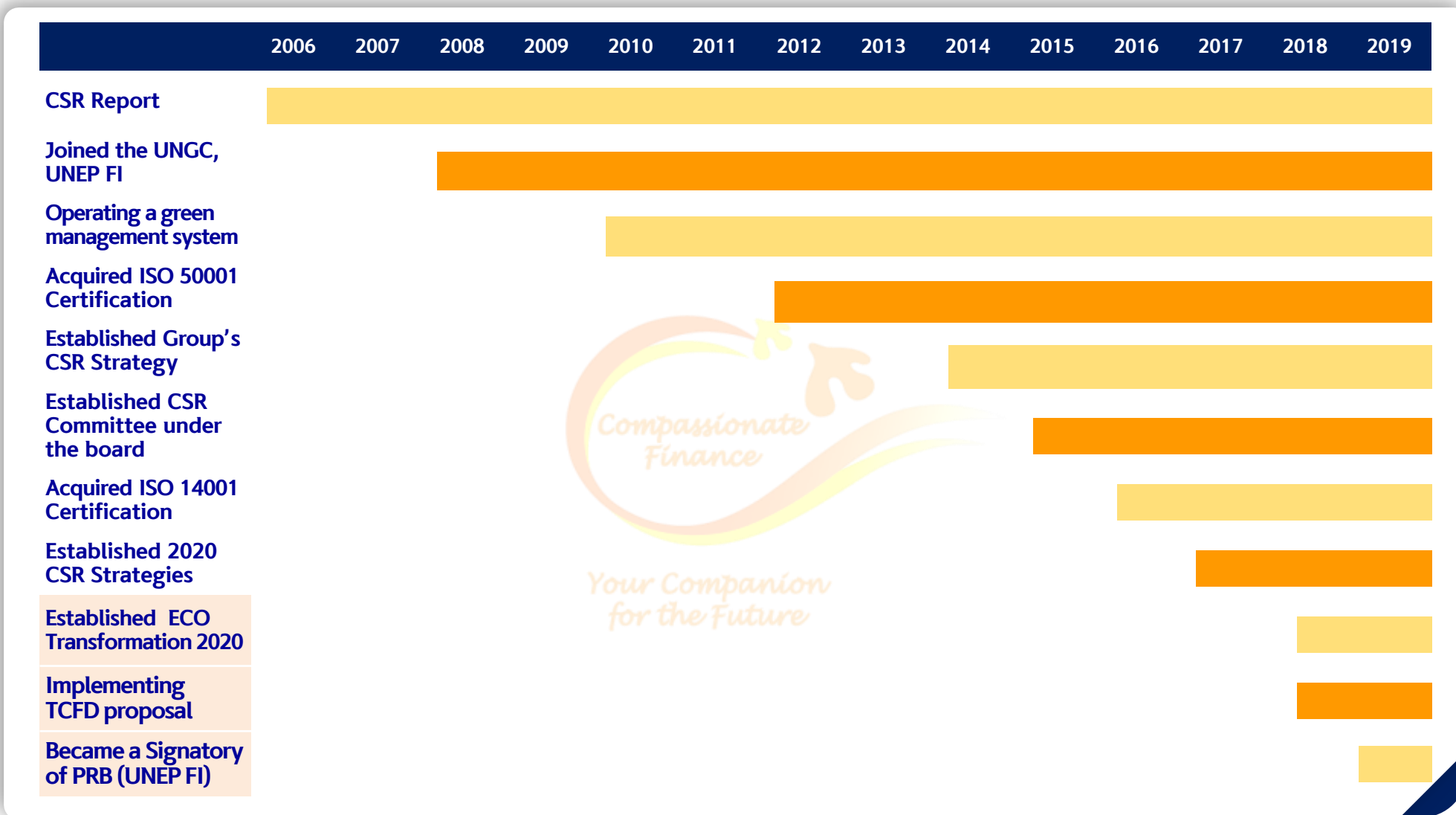
- Continuous cycle of fostering female leaders














# History of Shinhan's ESG Management

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



# 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 <sup>th</sup> 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	-

- 1-1 SFG Overview
- 1-2 Vision, Strategy & Core Capability
- 1-3 2020 SMART Project
- 1-4 Sustainable Management
- 1-5 Financial Highlights 

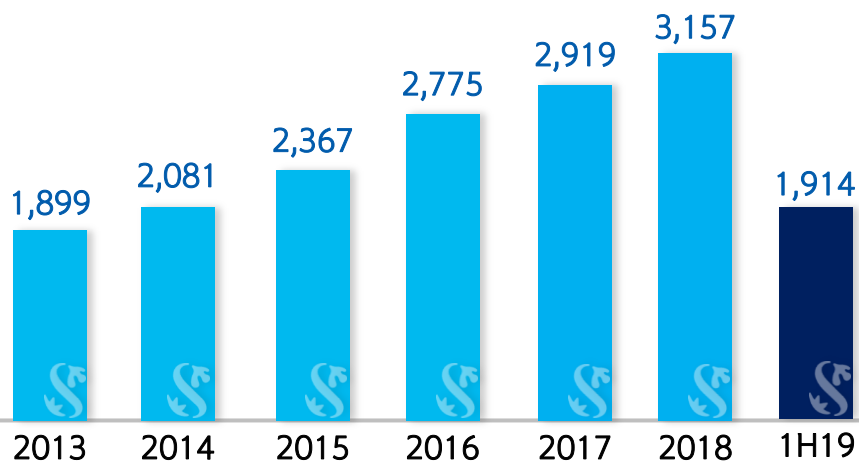




# Shinhan Financial Group / Financial Highlights

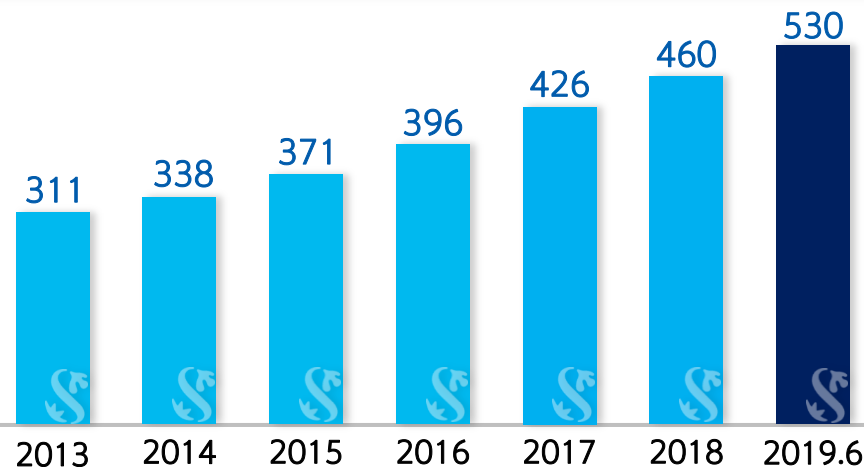
## Group Consolidated NI

(KRW billion)



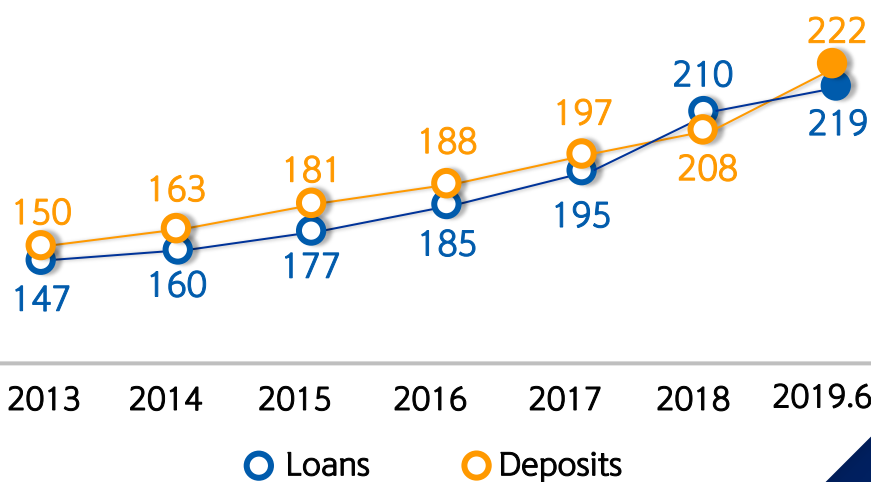
## Group Consolidated Assets

(KRW trillion)



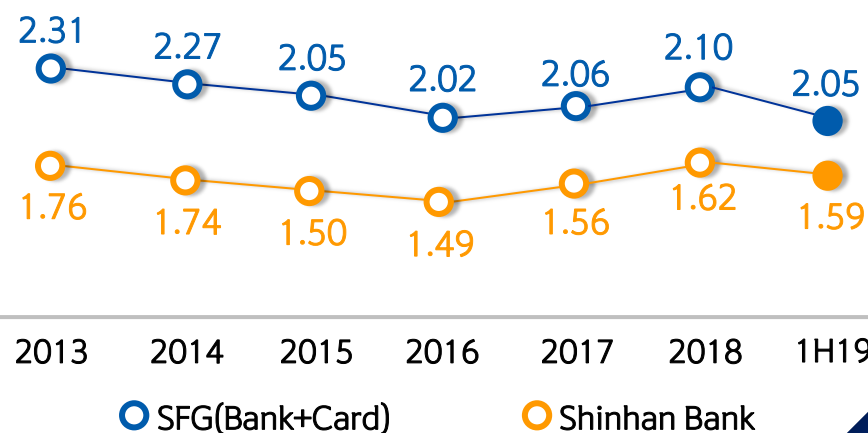
## Loans and Deposits of SHB

(KRW trillion)



## Net Interest Margin (NIM)

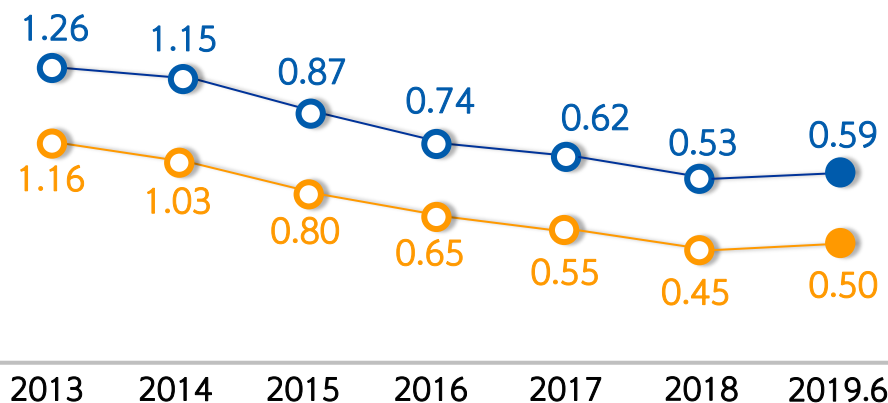
(%)





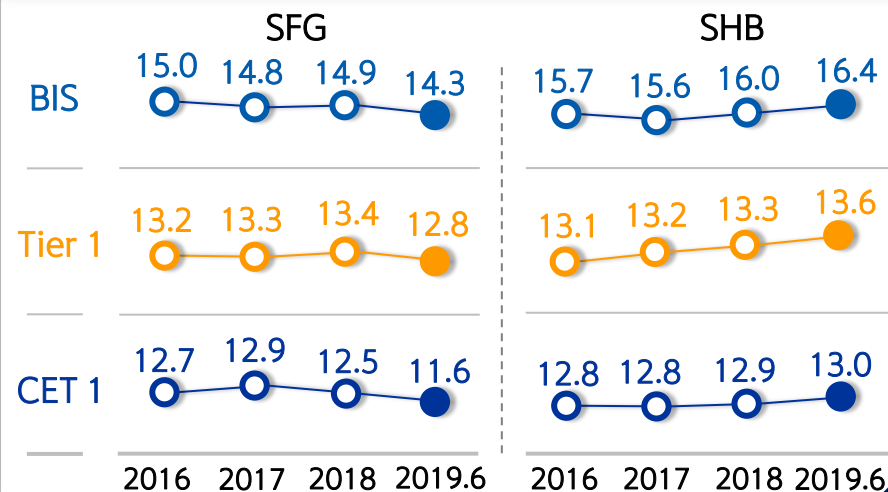
## NPL Ratio

(%)



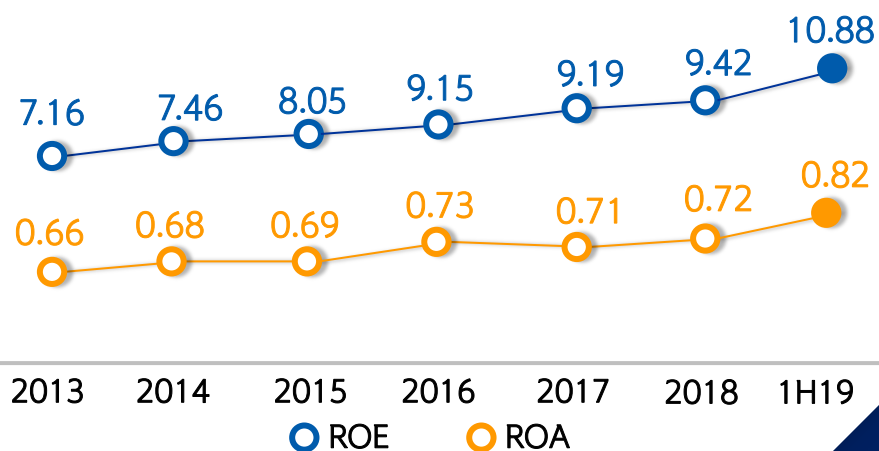
## Capital Adequacy

(%)



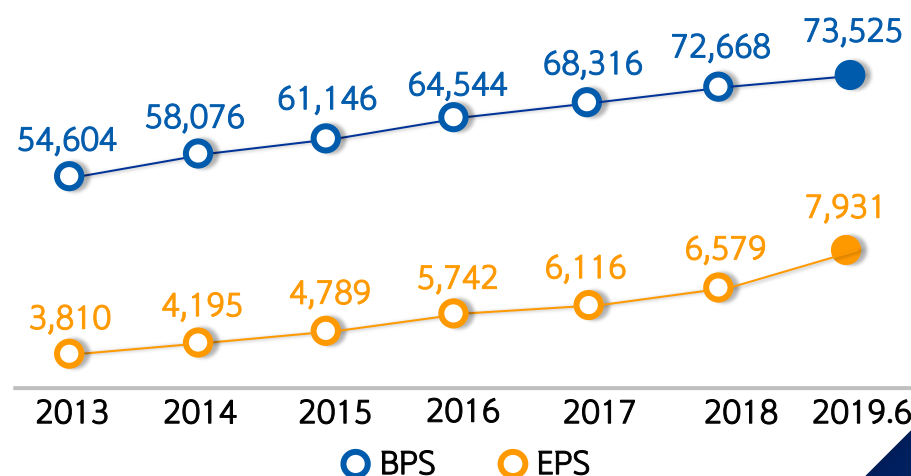
## ROA / ROE

(%)



## BPS / EPS

(KRW)



# Companies in the Group

FY2019 1H

02

2-1 Shinhan Bank 

2-2 Shinhan Card

2-3 Shinhan Investment Corp.

2-4 Shinhan Life Insurance

2-5 Orange Life

2-6 Shinhan BNP Paribas  
Asset Management

2-7 Shinhan Capital

2-8 Jeju Bank

2-9 Shinhan Savings Bank

2-10 Asia Trust

2-11 Shinhan DS

2-12 Shinhan AITAS

2-13 Shinhan Credit Information

2-14 Shinhan Alternative

Investment Management

2-15 Shinhan REITs Management



## Corporate Profile

(As of FY2019 1H)

**Shinhan Bank is the flagship company of SFG.**

\* Total Asset KRW 433.2 trillion<sup>1)</sup>

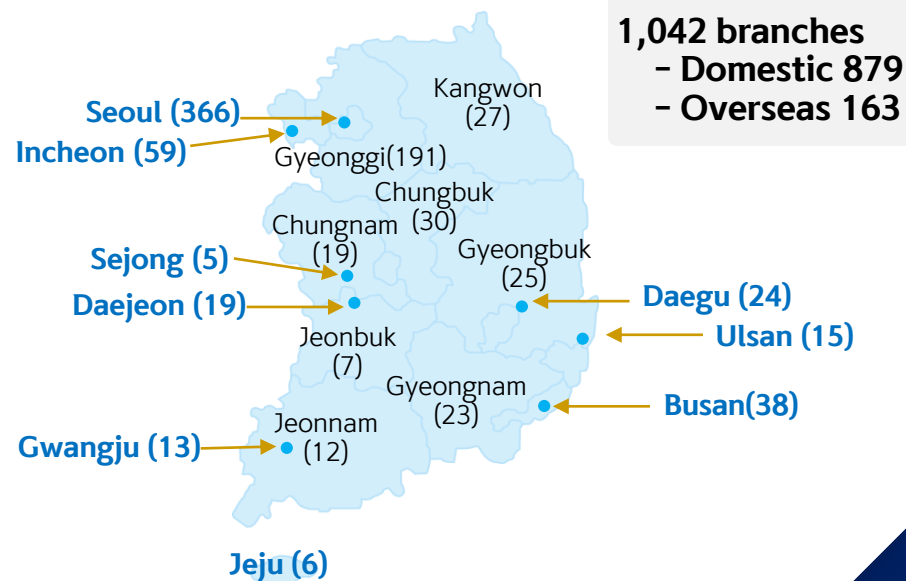
\* FY2019 1H Net Income : 1,281.8 billion (Consolidated)

1) Total Asset : Banking Account (Separate) + Merchant Banking Account  
+ Trust Account

Rating Agency	F/C LT Debt Rating
MOODY'S	Aa3
S&P	A+
FITCH RATINGS	A

## Network

(As of FY2019 1H)



## Key Milestones

▼1897

Hanseung Bank  
(established)

▼1943

Chohung Bank  
(Merged with Dongil Bank)

▼2003

CHB acquisition  
by SFG

▼1982

Shinhan Bank  
(established)

▼2001

Shinhan Financial Group  
(established)

▼2006. 04. 01

Integrated Shinhan Bank  
(Merger of SHB & CHB)

▼2006. 10

IT Integration



## Balanced Loan Portfolio

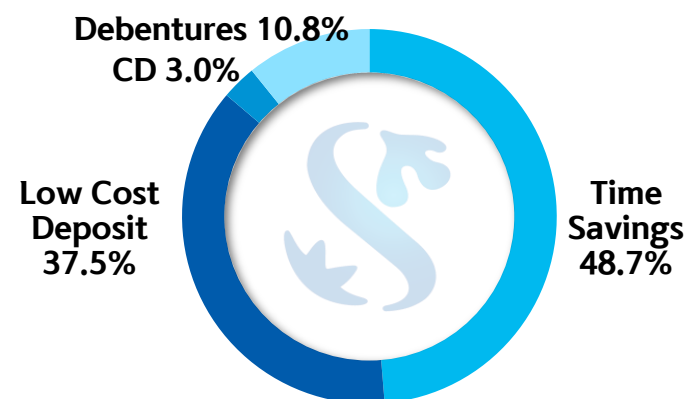
### | Loan Composition



Note) Based on Loan in Korean Won

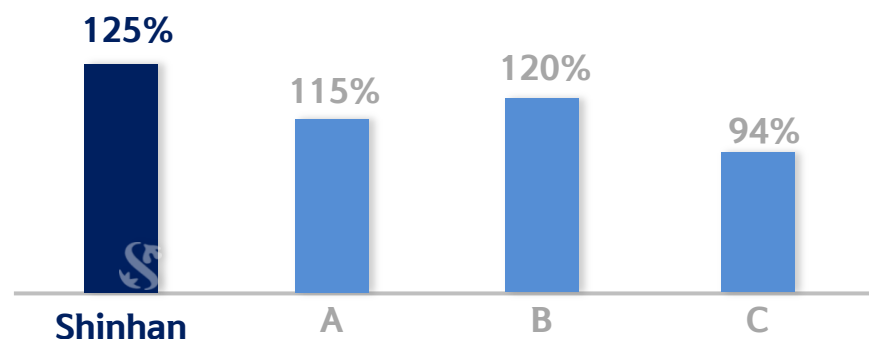
## Stable Funding Base

### | Funding Composition



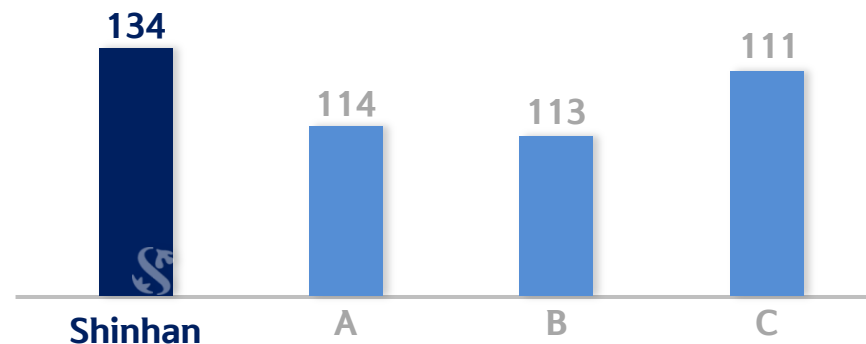
## Outstanding Risk Management

### | NPL Coverage Ratio Comparison



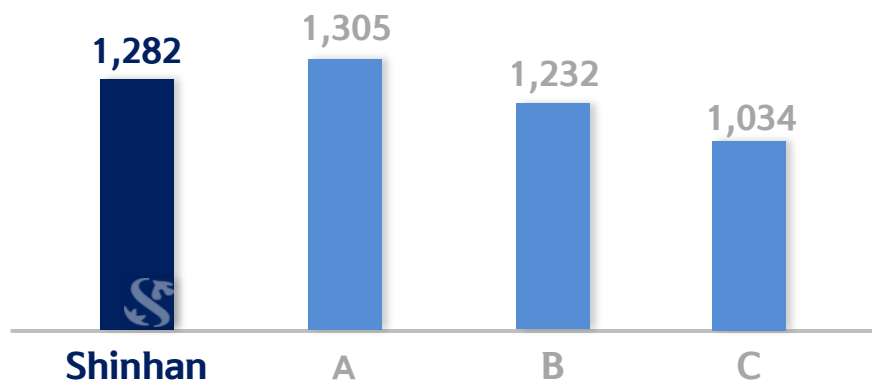
## High Per-Capita Productivity (KRW million)

### | Per-Capita Pre-provisioning Income (Domestic)

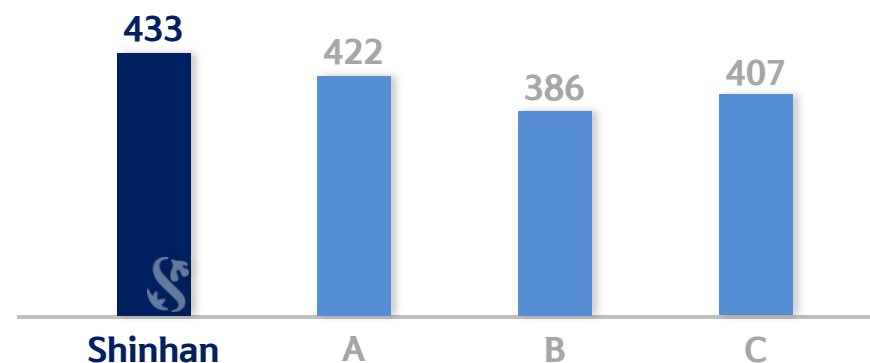




### Consolidated Net Income (KRW billion)

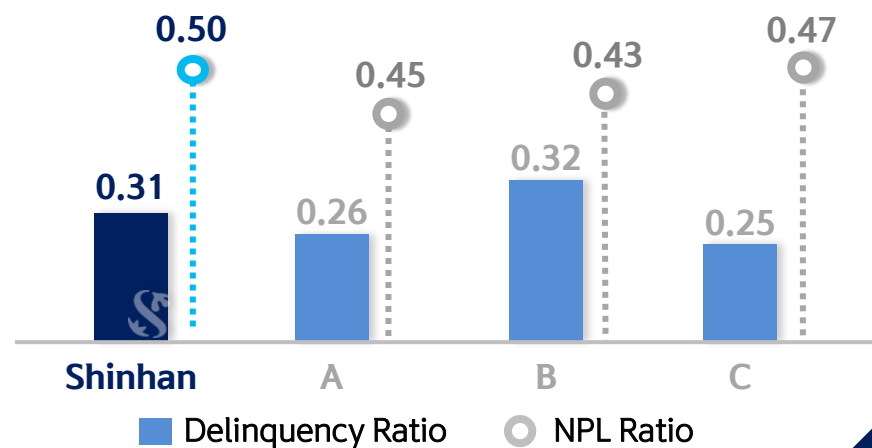


### Total Assets (KRW trillion)

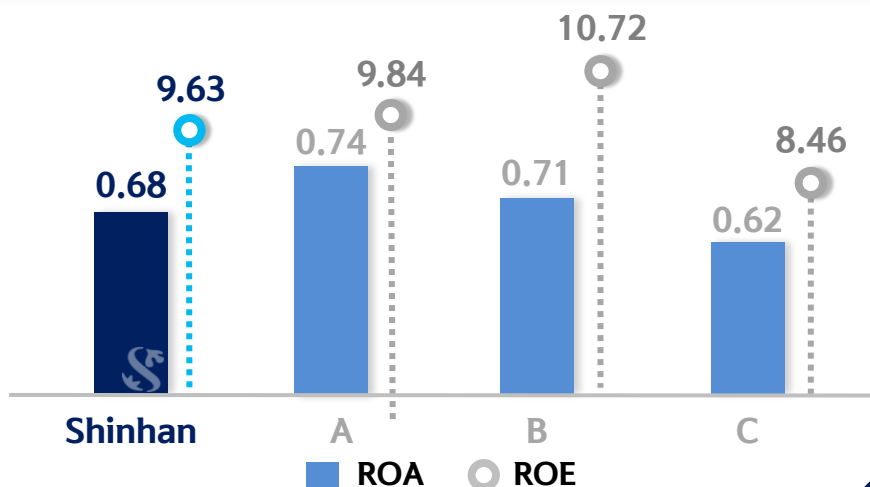


Note) Total Assets: Banking Account(Separate) + Merchant Banking Account + Trust Account

### Asset Quality (%)

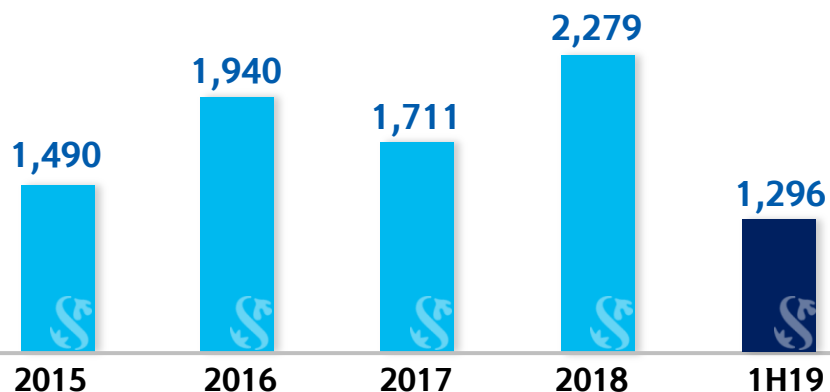


### ROA / ROE (%)

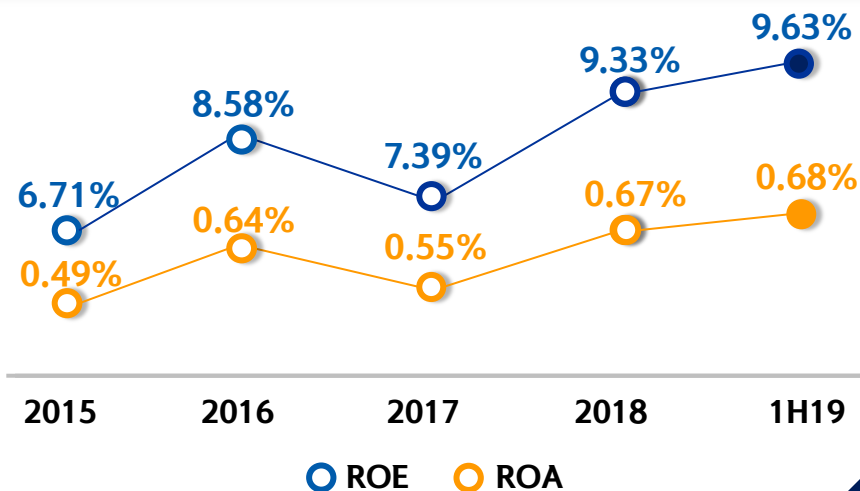




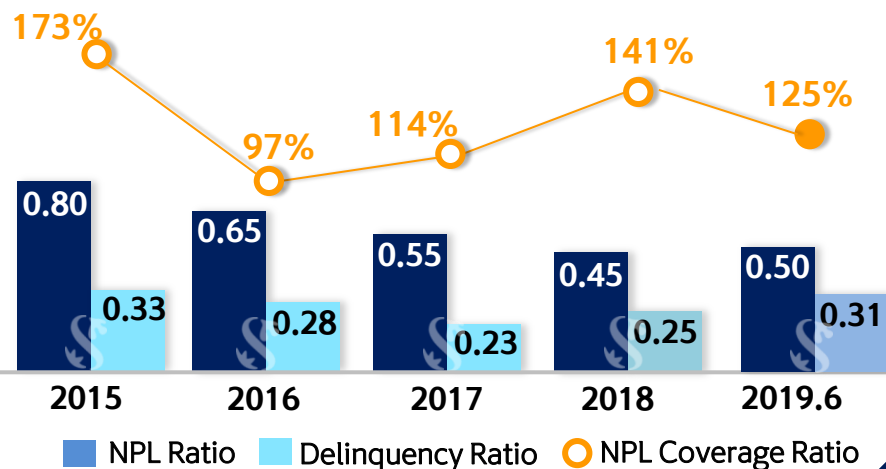
## Net Income (Consolidated) (KRW billion)



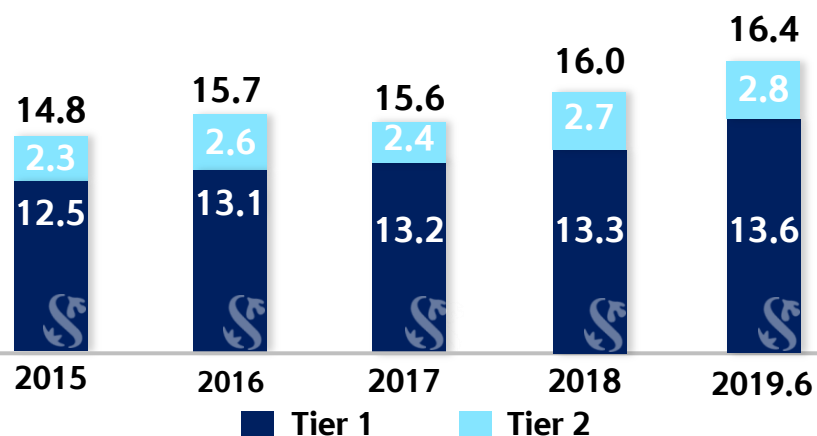
## Profitability (ROA, ROE)



## Asset Quality (%)



## Capital Adequacy (%)



Note) Due to regulatory changes, calculation methodology for NPL Coverage Ratio has been revised since FY2016

# Companies in the Group

FY2019 1H

02

2-1 Shinhan Bank

2-2 Shinhan Card 

2-3 Shinhan Investment Corp.

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Investment Management

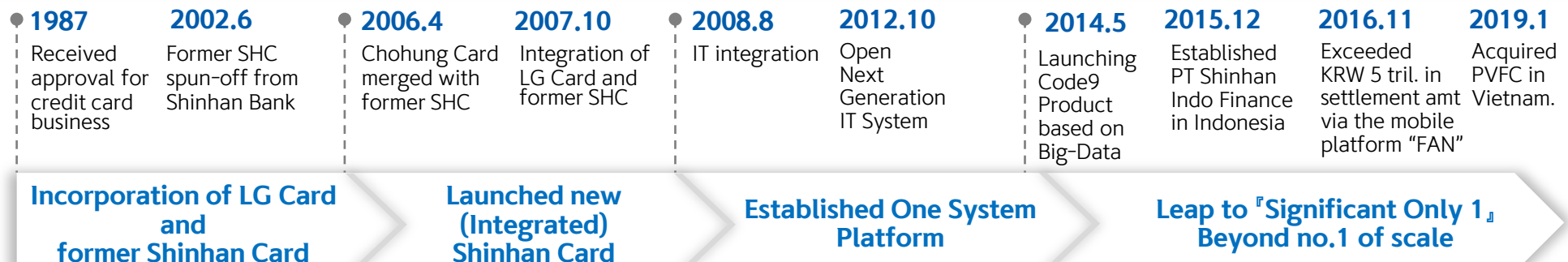
2-15 Shinhan REITs Management

## Number 1 Credit Card Company in Korea

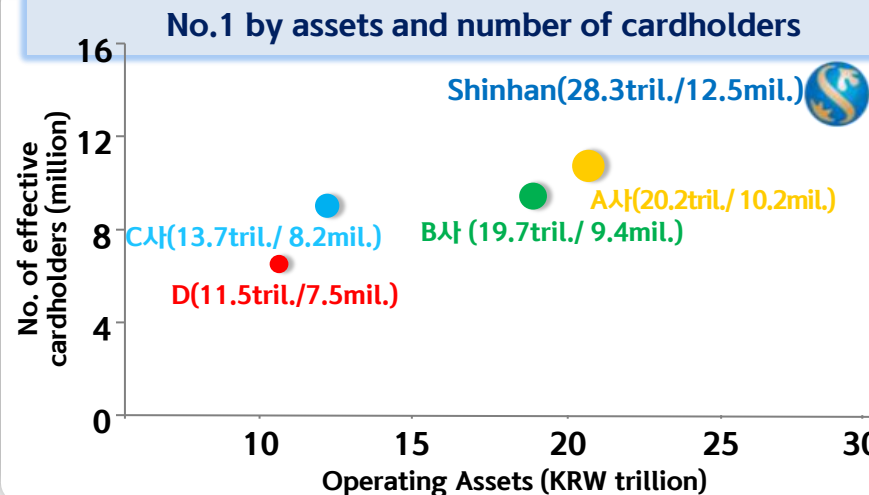
The No. 1 credit card company in Korea which encompasses the strengths of both the credit card division of a bank as well as an independent credit card company.



## Key Milestones



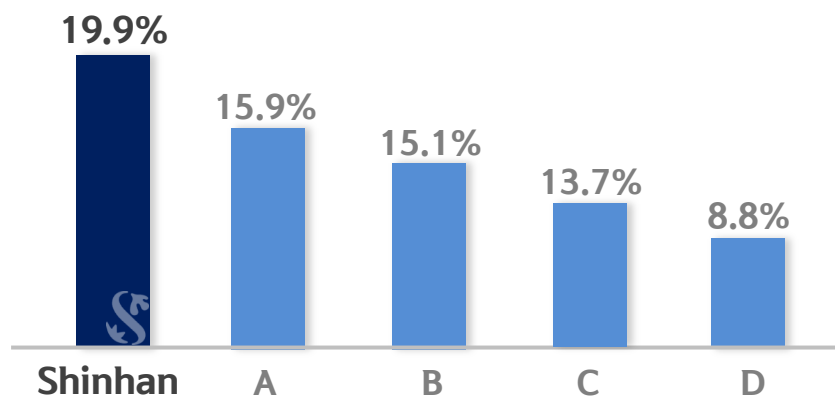
## Operating Assets and Cardholders



## Credit Rating

	Shinhan Card	A	B	C	D
Domestic	AA+	AA+	AA+	AA+	AA-
Moody's	A2	-	A2	-	-
S&P	A-	-	-	BBB	-
Fitch	-	-	A-	BBB	-

## M/S by Credit Purchase Volume



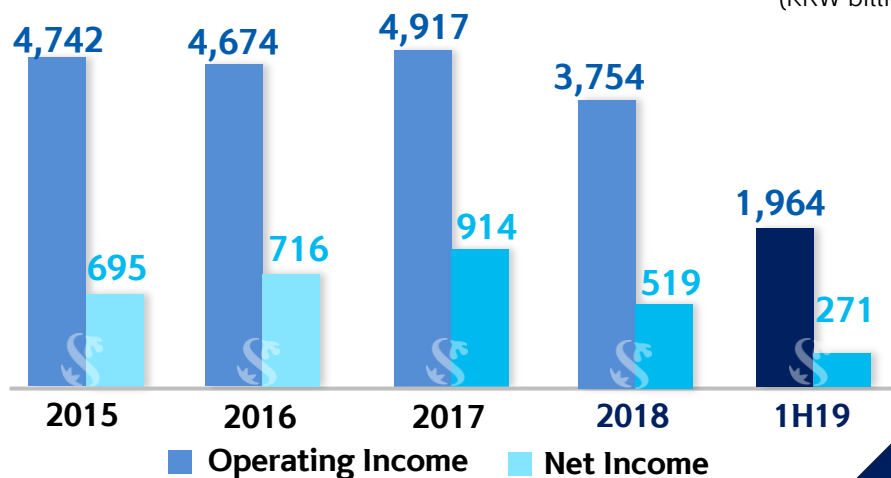
## Bona fide No.1 Credit Card Company in Korea

2019.07 KS-SQI for 2 consecutive years by KSA Institute  
 2019.03 Premium Brand Index (KS-PBI), 1<sup>st</sup> for 10 consecutive years  
 2019.03 Korea Brand Power Index(K-BPI), No. 1 brand for 8 consecutive years  
 2019.02 Awarded the "Most Admired Company in Korea" for 12 consecutive years  
 2018.12 Awarded President of Korea's citation at the 'Consumer Day' hosted by the Fair Trade Commission

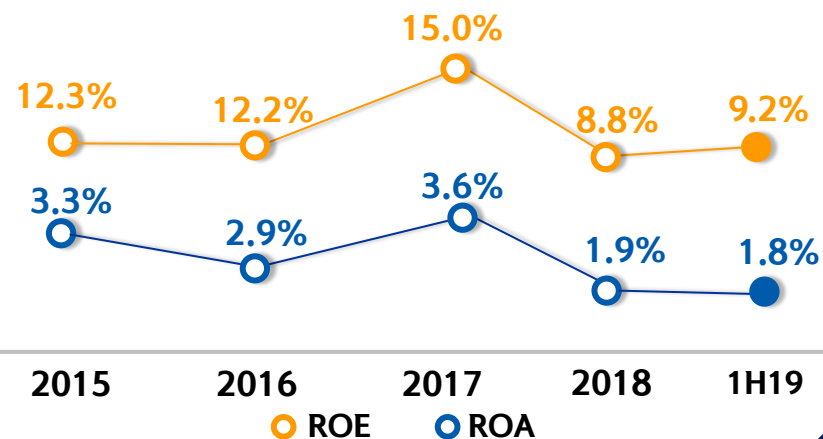


## Operating Revenue & Net Income

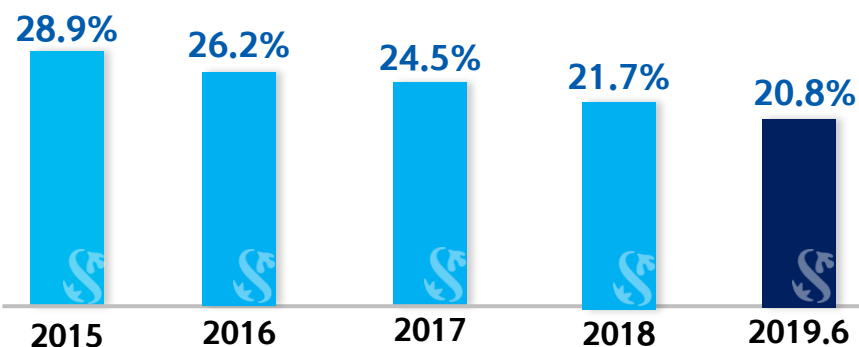
(KRW billion)



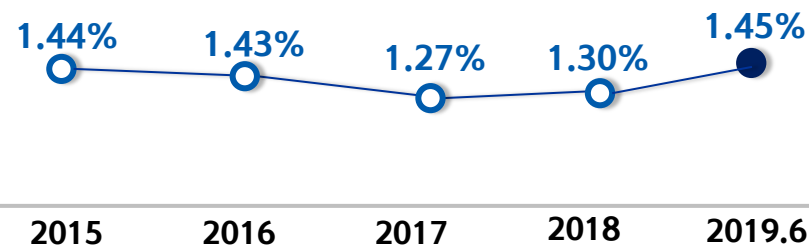
## ROA, ROE



## Adjusted Equity Capital Ratio



## Delinquency Ratio<sup>1)</sup>



1) 1 month and over delinquent



# Companies in the Group

FY2019 1H

02

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Investment Management

2-15 Shinhan REITs Management

## Overview

### ● Company Overview

Shinhan Investment Corporation is an integrated Financial Investment Company to respond to the changes in the financial market incurred by the enactment of the Financial Investment Services and Capital Market Act.

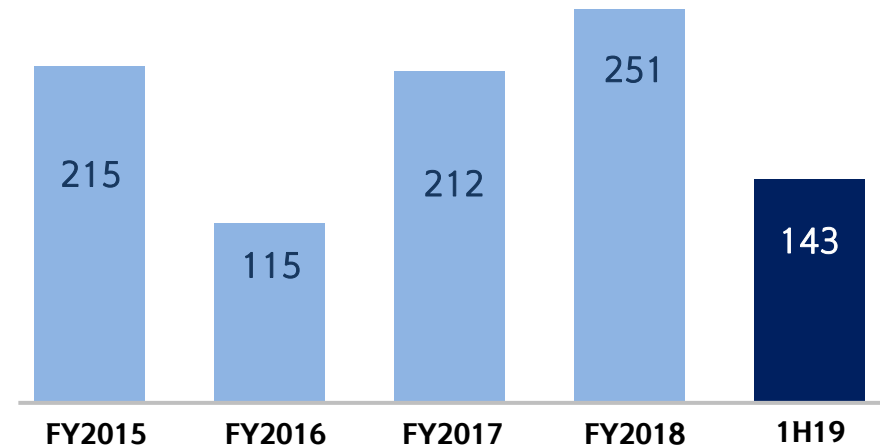
### ● Key Milestones

<b>1973.</b>	Incorporation of Hyosung Securities
<b>1983.</b>	Renamed to Ssangyoung Securities
<b>1999.</b>	Renamed to Good Morning Securities
<b>2002.04</b>	SFG acquired a 31.7% share of Good Morning Securities
<b>2002.07</b>	Good Morning Securities was merged with Shinhan Sec.
<b>2002.08</b>	Renamed to Good Morning Shinhan Securities ("GMSH")
<b>2004.12</b>	SFG acquired the remaining shares of GMSH
<b>2007.05</b>	Overseas subsidiary in Hong Kong incorporated
<b>2009.08</b>	Changed the company's name to 'Shinhan Investment Corp.
<b>2015.07</b>	Acquired a Vietnamese securities services firm
<b>2016.07</b>	Acquired an Indonesian investment banking firm
<b>2017.03</b>	Received approval for 'Integrated Investment Management Services'
<b>2018.06</b>	Received highest credit ratings (Moody's A3, S&P A-)
<b>2018.07</b>	Service Quality Index(KS-SQI), 1 <sup>st</sup> within the industry
<b>2018.09</b>	Acquired PT Archipelago Asset Management in Indonesia
<b>2019.07</b>	Paid-in Capital Increase (660 bil. Won)

## Growth Trend

(KRW billion)

### ● Net Income (Consolidated)



Year	Total Assets (KRW billion)	Total Equity (KRW billion)	No. of Branches <sup>1)</sup>	No. of Customers (Thousands)
2014	25,928	2,330	93	2,175
2015	24,337	2,526	92	2,247
2016	25,554	3,076	92	2,685
2017	28,644	3,253	92	3,089
2018	29,140	3,373	92	3,467
<b>2019.06</b>	<b>34,186</b>	<b>3,510</b>	<b>92</b>	<b>3,553</b>

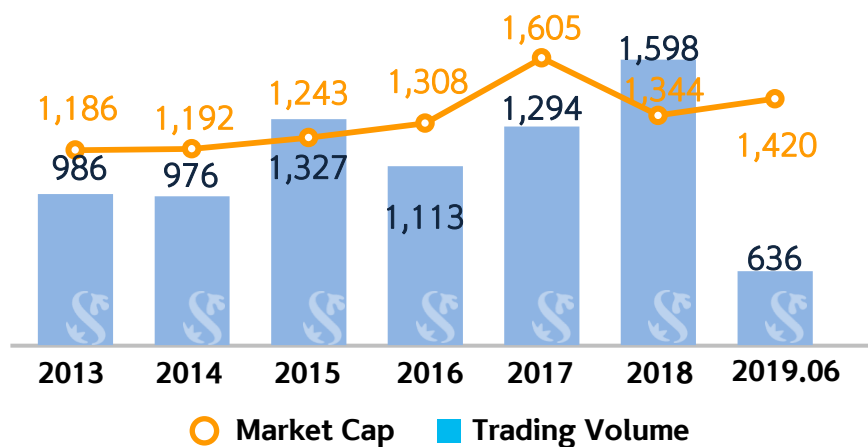
1) Excluding branches collocated within Shinhan Bank branches and PWM branches are included



## Industry Overview

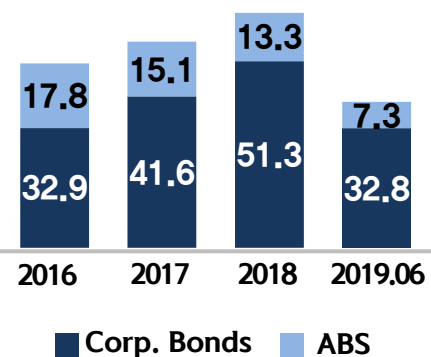
(KRW trillion)

### ● Securities Market

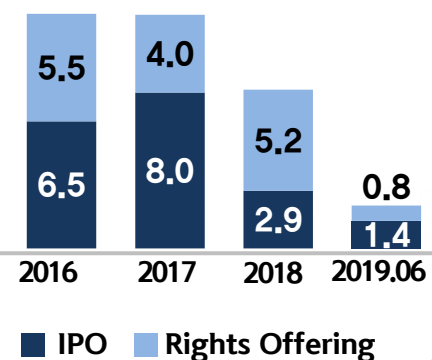


### ● Capital Market

#### 1) DCM



#### 2) ECM



\* Source) KRX

## Market Position

### ● Market Share in Brokerage

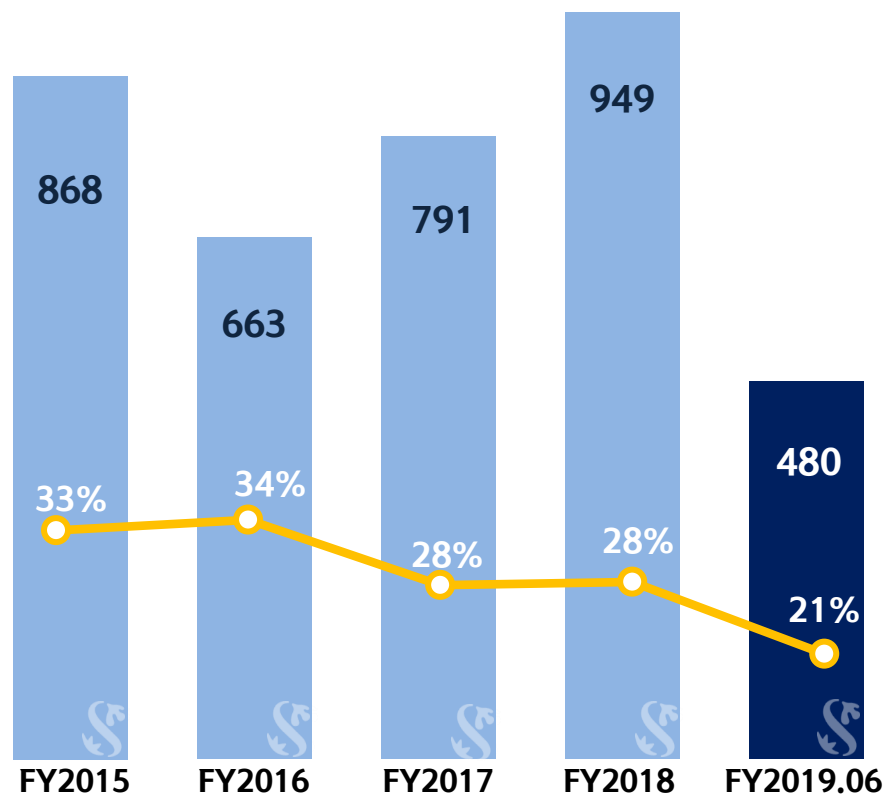
	2017	2018	2019.06
Equities	5.1%	5.9%	5.9%
Futures	6.7%	9.6%	16.8%
Options	6.7%	6.8%	6.3%

### ● Ranking of IB Business

	2017	2018	2019.06
ABS	(5th)	(2nd)	(7th)
Corp. Bonds	(6th)	(5th)	(6th)
IPO	(8th)	(4th)	(11th)

\* Source) The Bell

## Operating Revenue Trend (KRW billion)



• IFRS Consolidated

■ Operating Revenue    ○ % of Securities Brokerage Commission

## Management Strategy

### ● Strategic Objective :

**The Best Solution Provider and  
a Top Player in the Capital Market**

- Expanding profit through GIB capacity mobilization
- Improving investment yield with investment strategy · asset diversification
- Enhancing asset management capacity and market leadership
- Upgrading brokerage sales
- Improving profitability of retail credit service business
- Securing competitiveness in corporate and institutional customers
- Increasing sales efficiency
- Expanding performances under Digital Transformation
- Efficiency check in the resources, organization, and channel operations
- Securing the qualitative growth of international operations
- Exploring future growth engines and increasing competitiveness
- Expanding digital and mobile businesses

# Companies in the Group

FY2019 1H

02

2-1 Shinhan Bank

2-2 Shinhan Card

2-3 Shinhan Investment Corp.

2-4 Shinhan Life Insurance 

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Investment Management

2-15 Shinhan REITs Management

## Overview

### ● Company Overview (As of FY2019 1H)

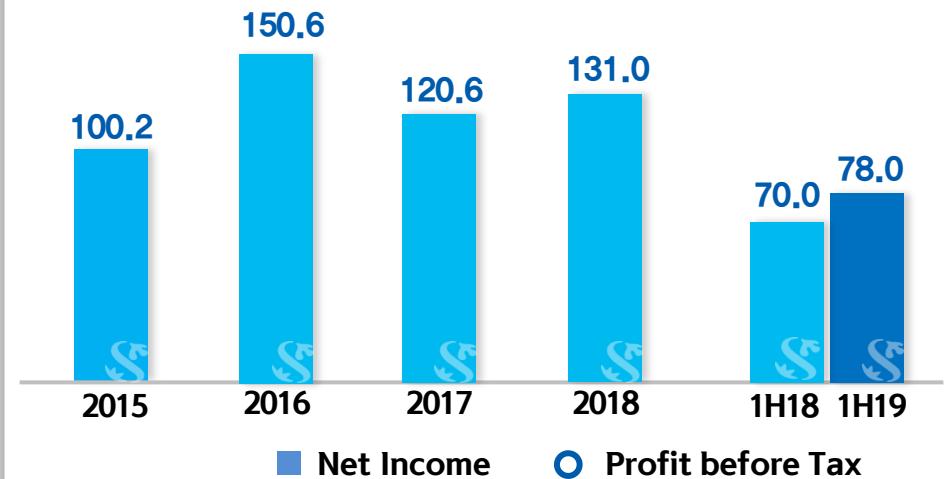
Shinhan Life Insurance provides sophisticated and customized insurance and financial services through diversified channels to meet customer needs.

### • Key Milestones

1990.01	Shinhan Life Insurance established
1997.01	Started Tele-Marketing Sales
2003.09	Launched Bancassurance products
2005.12	Joined SFG as a subsidiary
2006.07	Launched Financial Full-service named as "Tops Club" for the first time in the industry
2008.11	Established new internal insurance management system
2013.10	Awarded the Excellence Prize in the Knowledge Category by Prime Minister (Ministry of Security & Public Administration)
2013.11	Awarded Harmonious Labor-Management Prize (Ministry of Employment and Labor)
2015.06	Established the overseas office in Hanoi, Vietnam
2015.12	Consumer Centered Management certification acquired from Korea Consumer Agency
2019.05	Acquired AAA, top rating for Insurance solvency for 12 consecutive years

## Net Income and Financial Positions (KRW bil.)

### ● Consolidated Net Income Trend



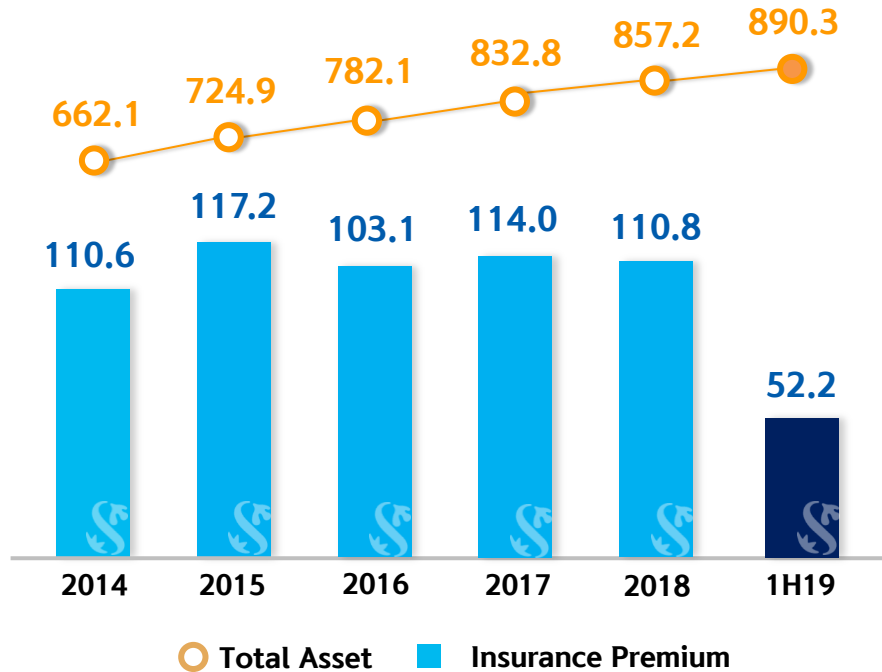
(persons, KRW billion)	FY2016	FY2017	FY2018	1H19
<b>Distributors</b>	8,983	8,579	7,339	7,179
YTD(%)	-17.5	-4.5	-14.5	-2.2
<b>Premium</b>	4,871	4,825	4,588	2,183
YoY(%)	1.7	-1.0	-4.9	-6.3
<b>Total Assets*</b>	27,501	29,719	31,824	32,898
YTD(%)	12.0	8.1	7.1	3.4

\* FY2016-FY2017 IAS39 standards, 'FY2018-FY2019 1H IFRS9 standards



# Industry Overview & Market Position

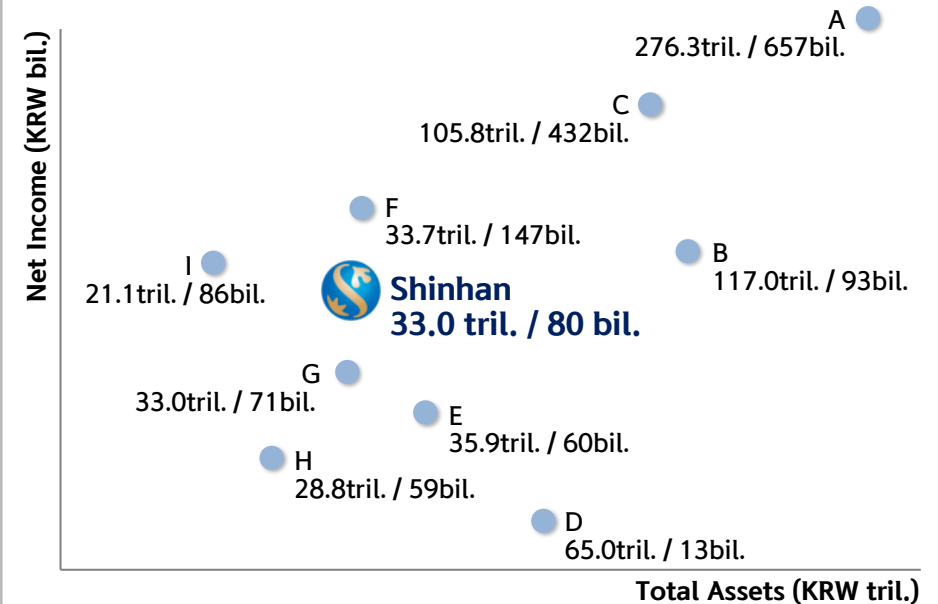
## Insurance Industry Overview (KRW tril.)



Note) IAS39 standards

- Industry-wide insurance premiums decreased by 1.0% YoY to KRW 52.2 trillion
- Total assets increased by 3.9% YTD to 890.3 trillion

## Market Position



Notes) As of FY2019 1H

Source : Korea Life Insurance statistics, Top 10 based on total assets  
(Based on Separate Financial Statements)

- Total assets of Shinhan Life increased by 3.0% YoY marking KRW 33.0 tril. as of FY2019 1H (7<sup>th</sup> largest)
- Net income increased by 23.7% YoY to KRW 80.3 billion (6<sup>th</sup> among Top 10 life insurance companies)





## Condensed Income Statements <sup>NOTE)</sup>

KRW billion, %	FY2016	FY2017	FY2018	1H19
<b>Operating Income</b>	<b>146.3</b>	<b>164.9</b>	<b>185.5</b>	<b>127.3</b>
Operating Revenue	5,693.8	6,002.1	5,634.7	2,799.5
Operating Expense	5,547.5	5,837.3	5,449.2	2,672.2
Non-operating Income	6.6	-2.2	-4.7	-2.2
Net Income before tax	152.9	162.6	180.7	125.0
<b>Net Income</b>	<b>150.1</b>	<b>121.2</b>	<b>130.5</b>	<b>80.3</b>

NOTE) under K-IFRS standards

## Policies in Force <sup>1)</sup>

KRW billion, %		FY2018	(%)	FY2019 1H	(%)
General Accounts <sup>2)</sup>	Individual Insurance	113,627	98.5	112,431	98.6
	Pure Endowment	11,930	10.3	11,363	10.0
	Against Death	91,807	79.6	91,684	80.4
	Endowment	9,890	8.6	9,384	8.2
	Group Insurance	556	0.5	524	0.5
	Sub total	114,183	99.0	112,955	99.0
Separated Account		1,149	1.0	1,110	1.0
<b>Total</b>		<b>115,332</b>	<b>100.0</b>	<b>114,065</b>	<b>100.0</b>

1) based on subscription amount of an insurance contracts

2) including variable insurance

## Condensed Balance Sheets

KRW billion		FY2016	FY2017	FY2018	1H19
General Accounts	Cash & Equivalent	1,454	1,165	1,613	1,435
	Securities	16,252	18,150	19,950	20,845
	Loans	5,541	5,780	6,274	6,298
	Others	1,516	1,590	1,404	1,448
Separated Account		2,738	3,041	2,783	2,974
<b>Total Assets</b>		<b>27,501</b>	<b>29,725</b>	<b>32,023</b>	<b>32,999</b>

NOTE) under K-IFRS standards

## Key Financials

(%)	FY2016	FY2017	FY2018	1H19
<b>RBC<sup>NOTE)</sup></b>	<b>178.3</b>	<b>175.4</b>	<b>238.7</b>	<b>243.5</b>
<b>ROA</b>	<b>0.58</b>	<b>0.42</b>	<b>0.42</b>	<b>0.49</b>
<b>ROE</b>	<b>9.17</b>	<b>7.06</b>	<b>7.18</b>	<b>8.09</b>

NOTE) consolidated, under IAS39 standards

# Companies in the Group

FY2019 1H

02

2-1 Shinhan Bank

2-2 Shinhan Card

2-3 Shinhan Investment Corp.

2-4 Shinhan Life Insurance

2-5 Orange Life 

2-6 Shinhan BNP Paribas  
Asset Management

2-7 Shinhan Capital

2-8 Jeju Bank

2-9 Shinhan Savings Bank

2-10 Asia Trust

2-11 Shinhan DS

2-12 Shinhan AITAS

2-13 Shinhan Credit Information

2-14 Shinhan Alternative

Investment Management

2-15 Shinhan REITs Management

## Overview

### ● Company Overview (As of FY2019 1H)

OrangeLife is a leading insurance company with distinguished global management capability, outstanding financial soundness, competitive FC channel, and dynamic organizational culture.

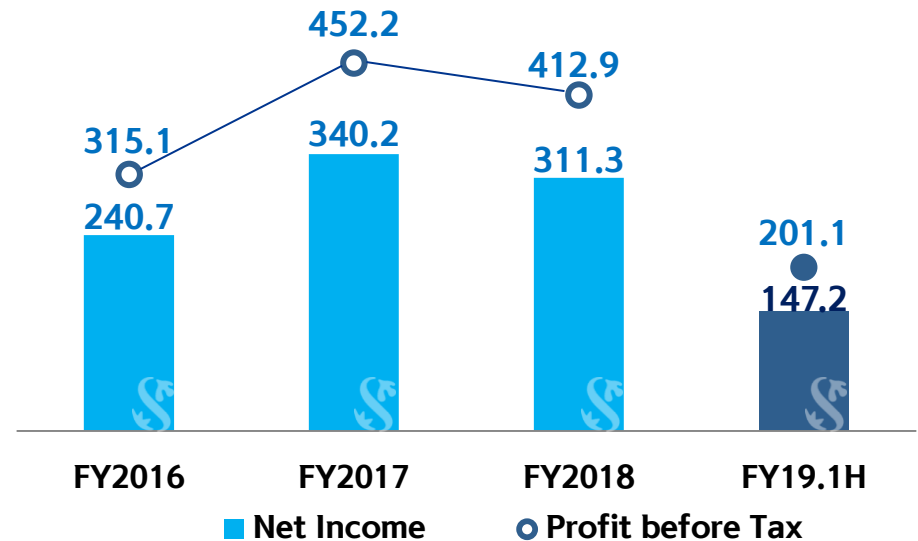
#### • Key Milestones

1987.01	Established Life Insurance Company of Georgia (Korea Office)
1991.09	Renamed to Netherlands Life Insurance (Korea Subsidiary)
1999.03	Renamed to ING Life Insurance Korea
2000.06	First Korean life insurer to receive an "A(Excellent)" rating from A.M. Best
2006.03	Received the "Anti-Corruption Merit Commendation" in the group category from the Korea Independent Commission Against Corruption
2008.10	Received the "Silver Tower Order of Industrial Service Merit" from the Ministry of Knowledge Economy
2012.03	Chosen as "Korea's Most Ethical Company" by Fortune Korea
2015.07	Launched the industry's first low cash surrender value product with lower premium
2016.11	Received the Anti-Money Laundering Award by the Prime Minister on the 10 <sup>th</sup> Anti-Money Laundering Day
2017.05	Listed on KOSPI (as #079440.KS)
2018.04	Industry's first to implement an "Agile" organization
2018.09	Renamed to OrangeLife Insurance, Ltd
2019.02	Joined SFG as a subsidiary
2019.06	Received 'AAA (Stable)' rating from NICE Investor Service In the insurer financial strength ratings

## Net Income and Financial Positions

(KRW bil.)

### ● Consolidated Net Income Trend



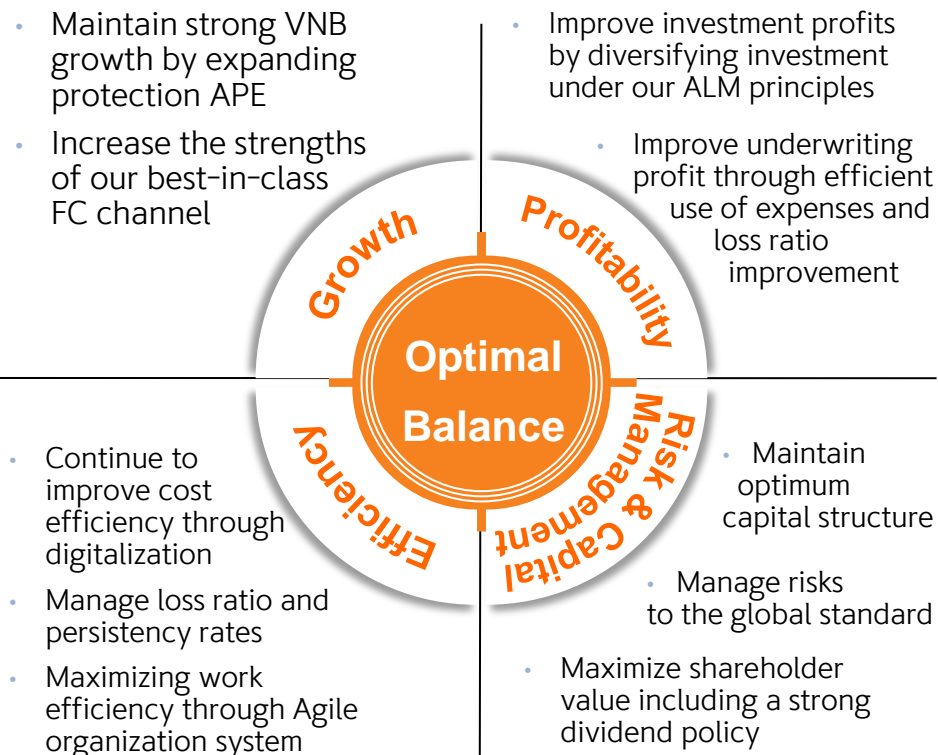
(persons, KRW billion)	FY2016	FY2017	FY2018	FY19.1H
<b>Distributors</b>	5,118	5,278	5,087	4,938
YTD(%)	5.6	3.1	-3.6	-2.9
<b>Premium</b>	4,058	4,113	4,665	2,143
YTD(%)	-9.8	1.4	13.4	2.5
<b>Total Assets*</b>	30,669	31,455	32,744	32,659
YTD(%)	3.8	2.6	4.1	-0.3

\* '16~'18 IAS39 standards, FY2019 1H IFRS9 standards



# Key Value Driver and Management Strategy

## Key Value Driver



**Maximize Company Value through  
OPTIMAL BALANCE of Sustainable Growth,  
Profitability, Efficiency and Risk Management**

## Strategy for 'Sustainable Growth'



- Create synergies with SFG subsidiaries
- Enter into new markets to capture new customer segment with purchasing power
- Expand utilization of digital platform

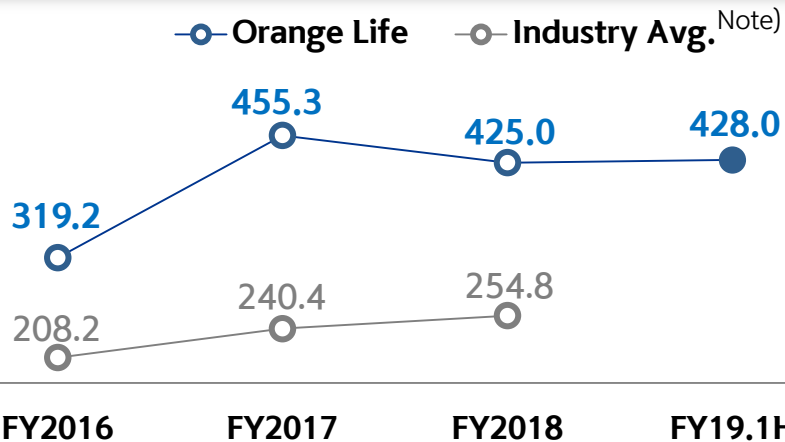


- Launch new products to specified customer segments
- Build healthcare platform
- Upgrade and newly conceptualize our existing products



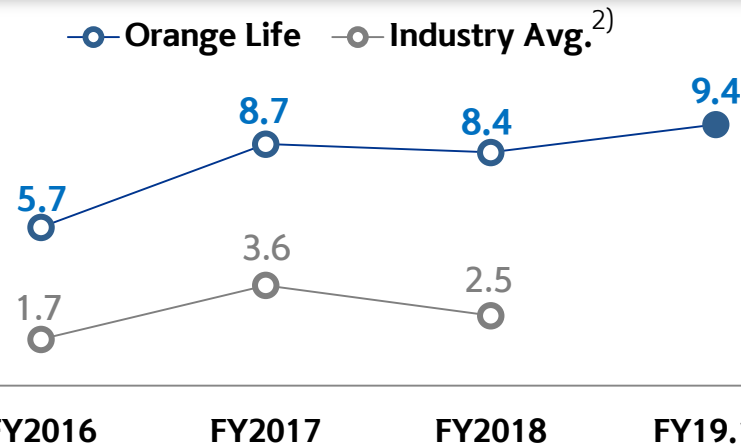
- FC: Organic + Inorganic Growth (Focus on growing active number of FCs)
- GA: Strengthen relationships to expand market presence
- BA: Focus on Variable, USD Savings, Asset-linked Products

### RBC Ratio (%)



Note) Excluding Orange life & Kyobo Life Planet

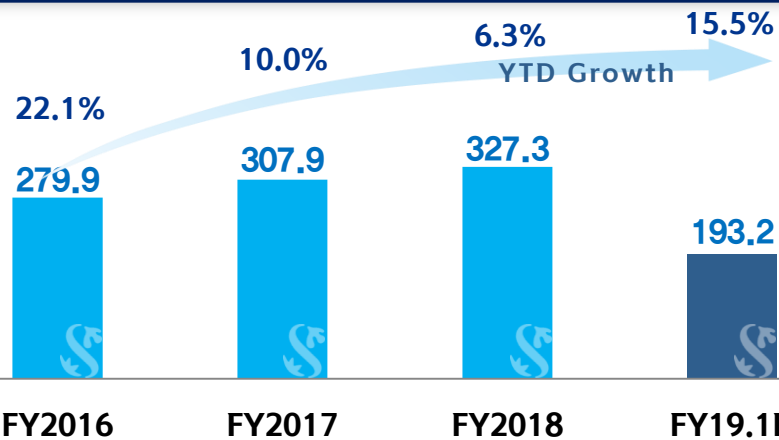
### ROE <sup>1)</sup> (%)



Note1) FSS Reporting Standard

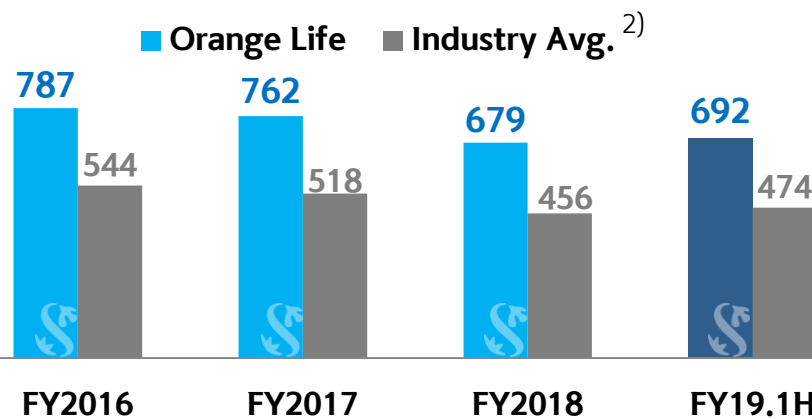
2) Excluding Orange life & Kyobo Life Planet

### Protection APE (KRW bil.)



NOTE) APE: Annualized Premium Equivalent

### FC Productivity <sup>1)</sup> (KRW thousand)



NOTE1) Productivity = (Monthly Premium) / (No. of FC)

2) Excluding Orange life

## Condensed Income Statements <sup>NOTE)</sup>

KRW billion, %	FY2016	FY2017	FY2018	FY19.1H
<b>Operating Income</b>	321.9	450.3	413.0	203.1
Operating Revenue	4,265.7	4,342.3	5,048.0	2,399.1
Operating Expense	3,943.9	3,891.9	4,635.0	2,196.0
Non-operating Income	(6.8)	1.9	(0.1)	(1.9)
Net Income before tax	315.1	452.2	412.9	201.1
<b>Net Income</b>	240.7	340.2	311.3	147.2

NOTE) under '16~'18 IAS39 standards, 1H19 IFRS9 standard

## Policies in Force

KRW billion, %	FY18.1H	(%)	FY19.1H	(%)
Individual Insurance	1,620.0	77.5	1,747.8	81.6
Pure Endowment	929.9	44.5	960.4	44.8
Against Death	650.1	31.1	754.3	35.2
Endowment	40.0	1.9	33.1	1.5
Group Insurance	-	-	-	-
Sub total	1,620.0	77.5	1,747.8	81.6
Separated Account	469.6	22.5	394.8	18.4
<b>Total</b>	2,089.6	100.0	2,142.6	100.0

## Condensed Balance Sheets <sup>NOTE)</sup>

KRW billion		FY2016	FY2017	FY2018	FY19.1H
General Accounts	Bonds	20,782.4	21,073.7	21,401.5	21,187.0
	Loans	2,089.4	2,133.9	2,588.6	2,389.9
	Securitie	98.1	117.0	135.1	131.7
	Cash & Equivalent	565.4	560.1	539.3	493.6
	Other AUM	448.7	673.5	1,654.9	1,875.9
	Others	1,331.8	1,318.8	1,301.4	1,349.8
Separated Account		5,352.9	5,578.4	5,123.4	5,231.4
<b>Total Assets</b>		30,668.7	31,455.4	32,744.1	32,659.3

NOTE) '16~'18 IAS39 standards, 1H19 IFRS9 standard

## Key Financials <sup>NOTE)</sup>

(%)	FY2016	FY2017	FY2018	FY19.1H
RBC	319.2	455.3	425.0	428.0
ROA	0.8	1.1	1.1	0.9
ROE	5.7	8.7	8.4	9.4

Note) FSS Reporting Standards

# Companies in the Group

FY2019 1H

02


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Investment Management

2-15 Shinhan REITs Management





# Company Overview

## Your Investment Partner, Shinhan BNP Paribas AM

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.

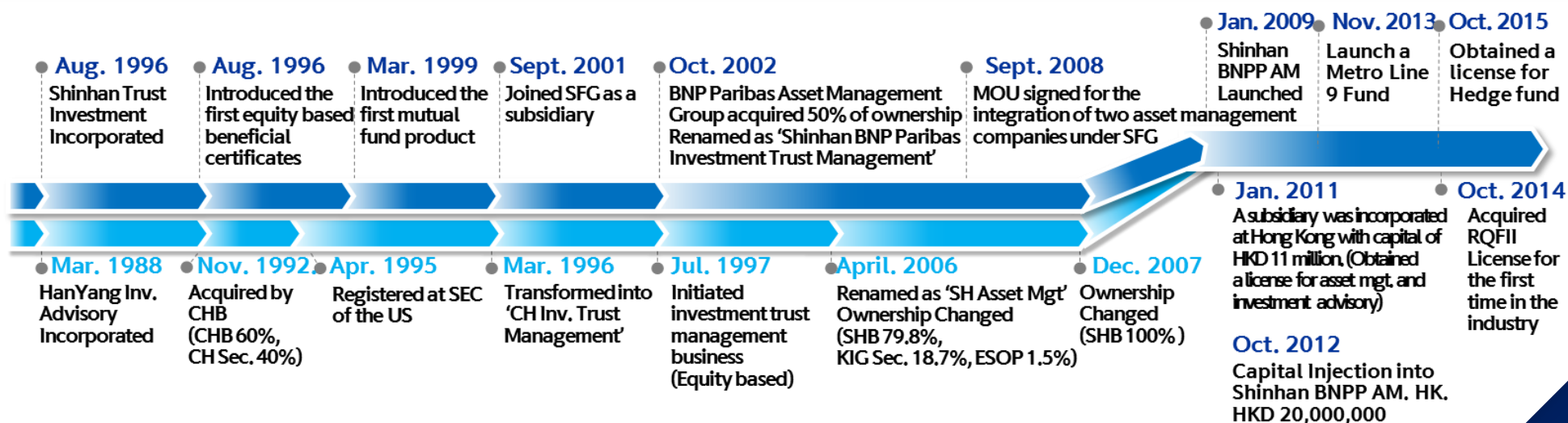
Shinhan BNP Paribas Asset Management has provided trustworthy asset management services to our clients for several years and showed fundamentally solid management skills and performance. Backed by strong client trust, We will strive to be recognized as the best asset management company in Korea.

## Overview

(FY2019 1H)

- **Incorporation** : August 26, 1996
- **Total Equity** : KRW 150.1 billion
- **Employees** : 208
- **Major Shareholders** : Shinhan Financial Group (65%),  
BNP PARIBAS Asset Management Holding (35%)
- **AUM** : KRW 48.9 trillion (including discretionary accounts)

## Key Milestone

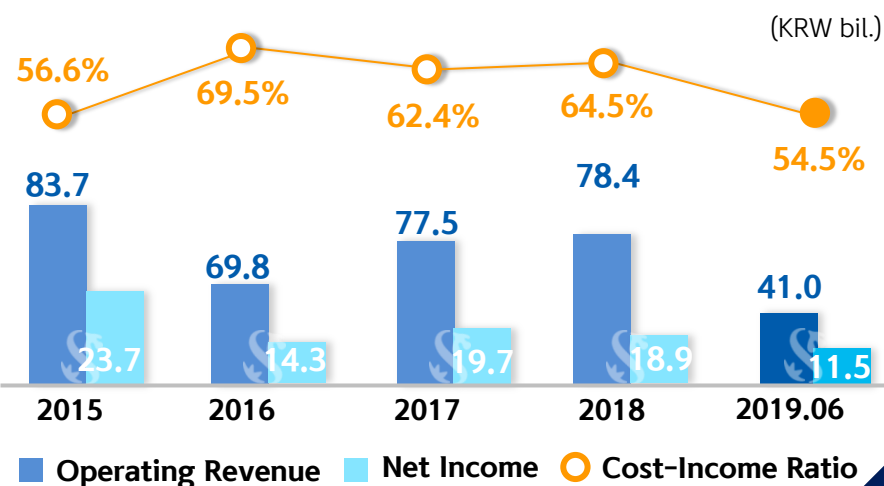




# Financial Highlights & Market Position

## Financial Highlights

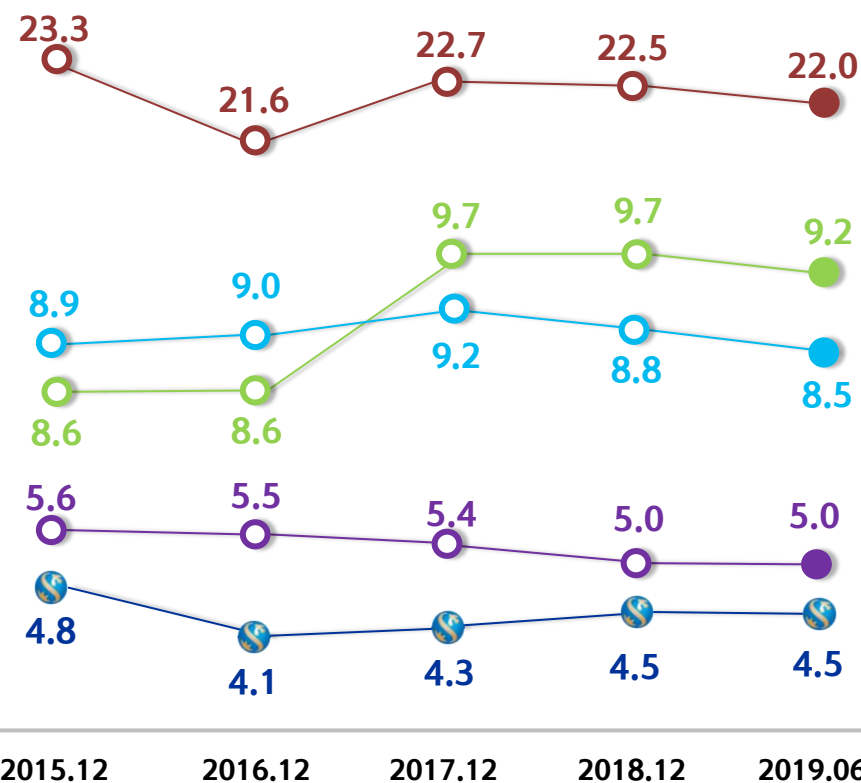
(KRW billion, %)	2015	2016	2017	2018	2019.06
<b>Condensed IS</b>					
Operating Revenue	83.7	69.8	77.5	78.4	41.0
Operating Expense	51.8	51.0	51.8	53.8	25.3
(SG&A)	41.6	42.8	42.5	44.6	22.1
Operating Income	31.9	18.8	25.7	24.6	15.7
Net Income	23.7	14.3	19.7	18.9	11.5
<b>Condensed BS</b>					
Total Assets	170.2	161.2	174.8	174.0	167.0
Total Equity	154.8	147.8	156.6	159.1	153.6
<b>Key Financial Indicators</b>					
ROE	15.20%	9.93%	13.25%	12.31%	15.02%
ROA	13.18%	8.42%	11.97%	11.07%	13.22%
Cost-Income Ratio	56.57%	69.46%	62.37%	64.46%	54.48%



## Market Share

### Market Share %

(including discretionary account)



Shinhan BNP Paribas AM 
 A 
 B 
 C 
 D

# Companies in the Group

FY2019 1H

02

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Investment Management

2-15 Shinhan REITs Management

## Overview

### ● Overview

- **Incorporation Date** : April 19, 1991
- **Total Equity** : KRW 800.8 billion  
(Paid in Capital : KRW 180 billion)
- **Total Assets** : KRW 6.8 trillion
- **Networks** : Headquarter (Seoul), Branches (Gangnam, Yeouido, Busan, Ansan, Daejeon)
- **Key Milestones**

1991.04	Incorporation of Shinhan Lease
1994.10	Listed in KOSDAQ
1999.05	Renamed to Shinhan Capital, registered and started Installment Finance Business
2001.09	Joined SFG as a subsidiary
2002.09	Registered on Corporate Restructuring Financing business
2004.04	Rating upgrade (A → A+)
2006.11	Rating upgrade (A+ → AA-)
2007.11	Paid in capital increase by KRW 100 billion
2014.05	Implementation of Next-generation IT system "WINK"
2018.06	Launched Online mobile system
2019.07	Certified ISO14001

### ● Main Business

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

## Vision & Strategy

### Leading credit-specialized financial company in Korea

Shinhan Capital has set out its vision of emerging as Korea's benchmark credit specialized company and playing a major role in achieving Shinhan Financial Group's goal of becoming a 'World Class Financial Group'.

### • Strategic Goal

**Beyond Limits,  
Challenge for The Best!**

### • Strategic direction and initiatives





## Financial Highlights

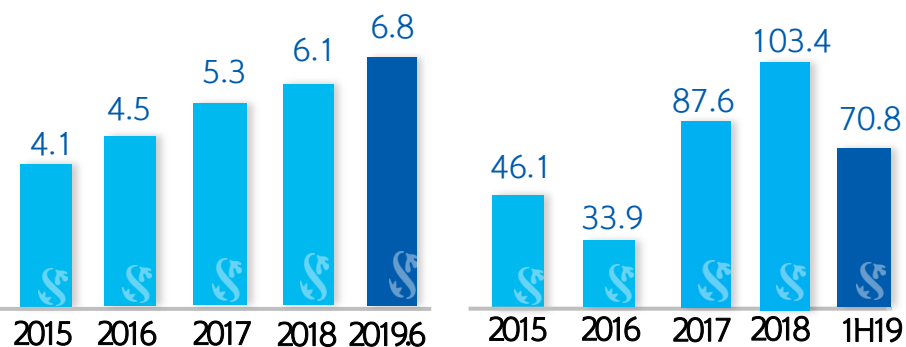
KRW billion, %	2015	2016	2017	2018	1H19
<b>Condensed B/S</b>					
Total Assets	4,076.6	4,506.8	5,315.4	6,116.6	6,802.3
Total Liabilities	3,458.4	3,862.4	4,603.8	5,368.3	6,001.5
Total Equity	618.1	644.4	711.6	748.3	800.8
(Paid in Capital)	180.0	180.0	180.0	180.0	180.0
<b>I/S</b>					
Operating Revenue	374.7	302.6	351.8	439.0	239.7
Operating Income	56.2	40.9	110.7	142.9	92.6
Net Income	46.1	33.9	87.6	103.4	70.8
<b>Key Financials</b>					
ROE	7.7%	5.4%	13.0%	14.5%	18.5%
ROA	1.2%	0.8%	1.8%	1.8%	2.2%
CAR	16.8%	14.9%	14.1%	13.2%	12.5%
NPL Ratio	3.1%	2.6%	1.4%	0.96%	0.65%

### ● Total Assets

(KRW tril.)

### ● Net Income

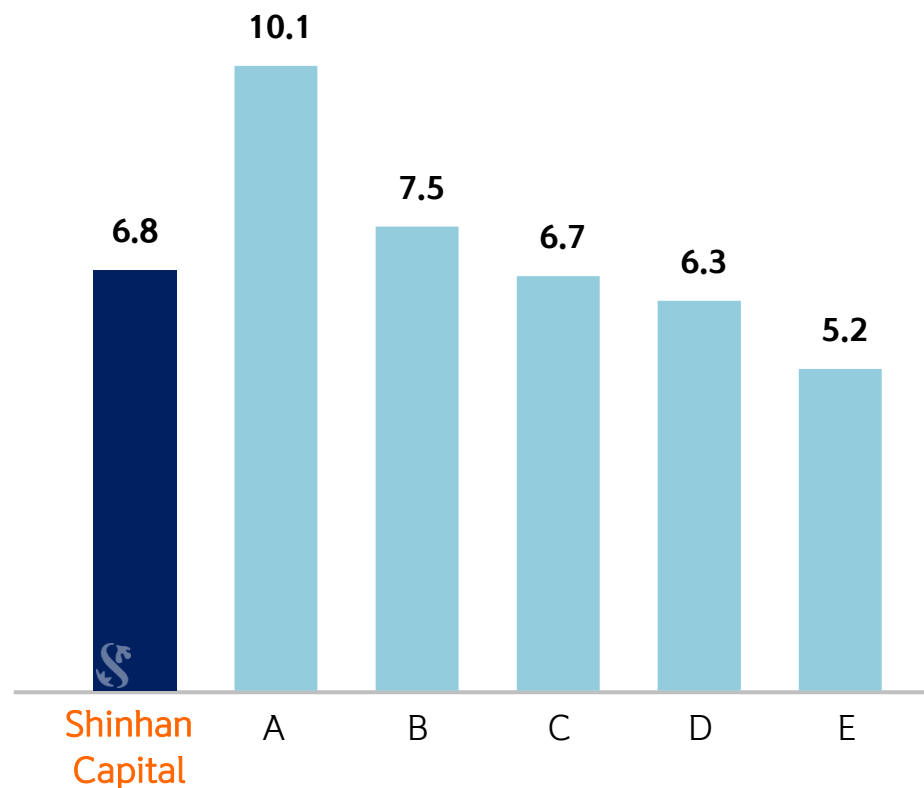
(KRW bil.)



## Market Position

(as of FY2019 1H)

### ● Total Assets



# Companies in the Group

FY2019 1H

02

2-1 Shinhan Bank

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## Overview

(As of FY2019 1H)

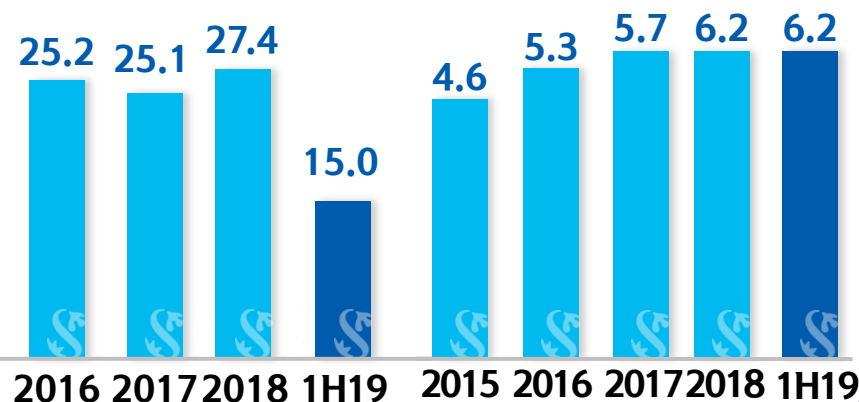
Incorporated in Jeju Island in 1969, Jeju Bank had been posting healthy growth amid strong support of the Jeju residents, playing a central role in the local economy.

- **Major Shareholders** : SFG (71.89%), ESOP (6.92%), NPS (4.21%),
- **Total Equity / Total Assets** : KRW 473.0 billion, KRW 6.2 trillion
- **Networks** : 38 branches and sub-branches (35 in Jeju)
- **Market share in Jeju**: 37.50% of deposits and 25.95% of loans
- **Key Milestones**

1969.03	Jeju Bank (Ltd) founded
1972.12	Shares listed on the Korean Stock Exchange
2002.05	Became subsidiary of Shinhan Financial Group
2012.12	Launched smartphone banking service
2013.11	Awarded the CSR prize by Minister of Public Administration
2014.07	Launched tax-deductible long-term mutual funds
2014.11	Launched a special desk for Chinese
2015.12	Launched barcode payment system on Bank wallet Kakao
2016.03	Contracted with Jeju Techno Park for Venture & SME support
2016.07	Launched new mobile platform 'J-BANK'
2017.02	Business Agreement for Jeju Transportation Card Service
2017.10	Launched new mobile banking app 'JBANK Plus'
2018.01	Launched "Innovation Pioneer Division" for new businesses
2018.07	Launched a non-financial app "Jeju Jini"
2018.11	Capital Increase by issuing new stocks
2019.04	MOU between Jeju Bank and Jeju Business Agency

## Financial Highlights

● **Net Income** (KRW billion) ● **Total Assets** (KRW trillion)



## Vision & Strategy

**The "Local Best Bank"**  
that enhances value for customers and for Jeju,  
enshrining them in in basic business guidelines

**Vision**

**Quality based  
Local Top Bank**

**Strategic  
Goal**

**Solidifying Customer Base  
as Local Best Bank**



## Overview

(As of FY2019 1H)

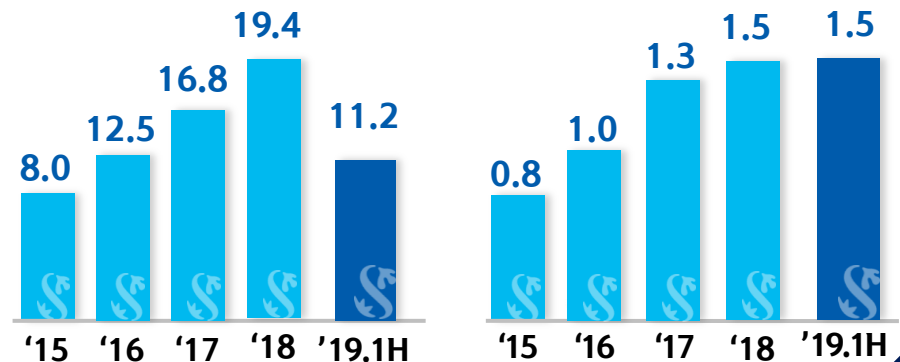
Shinhan Savings Bank was launched on April 1, 2013 following the merger of Shinhan Savings Bank (established in December 2011) and Yehanbyeol Savings Bank (established in November 2012)

- **Total Equity : KRW 172.7 billion**
- **Total Assets : KRW 1.5 trillion**
- **Networks : 7 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 Shinhan Financial Group
2013.04	The former Shinhan Savings Bank and Yehanbyeol Savings Bank were merged and new Shinhan Savings Bank was launched

## Financial Highlights

● **Net Income** (KRW billion) ● **Total Assets** (KRW trillion)



## Vision & Strategy

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.

Vision

**Setting a new benchmark for savings banks as a leader in the field**

Strategic goal

**A Leading Savings Bank specializing in Mid-range Interest Rate Loans**

## Overview

### ● Overview (As of FY2019 1H)

Asia Trust is a comprehensive real estate service company that brings together the best experts in the real estate and finance sectors to inspire customers with creative ideas and approaches, rich knowledge and experience in real estate.

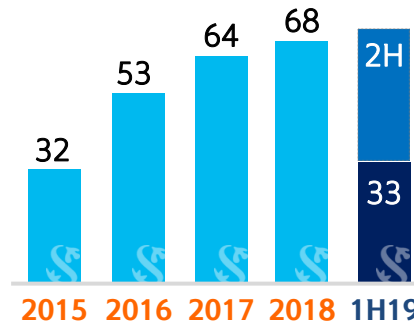
- **Incorporation Date** : October 18, 2006
- **Total Equity** : KRW 115 bil.
- **AUM** : KRW 27.7 tril.
- **Key Milestones**

2006.10.	Company established
2007.08.	Obtained Trust Business License
2007.08.	Renamed to 'Asia Asset Trust'
2008.02.	Obtained Managed Land Trust License
2009.01.	Renamed to 'Asia Trust'
2010.03.	Obtained Borrowed Land Trust License
2016.12.	Increased Paid-in capital (173,400 shares, price per share KRW 15,000won)
2018.03.	Stock Split (price per share 10,000won → 500won)
2019.05.	Joined Shinhan Financial Group as a subsidiary

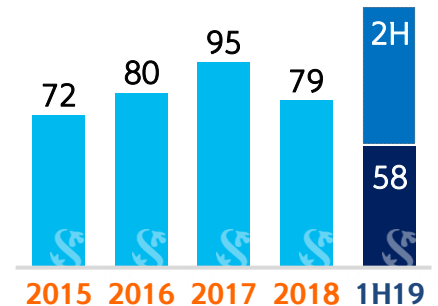
## Financial Highlights

(KRW bil.)

### ● Operating Revenue



### ● Order Performance



## Vision & Strategy

### Vision

**A+ Company**  
Providing Best Service with the Best Manpower

### Business Strategy

Industry's Best Manpower and Customer Service

Market Dominance through Competitive Sales

Dynamics based on fast decision making and momentum

Expand Shinhan Culture

One Shinhan Value Creation

Sophisticated Risk Management



→ Joined SFG



## Overview

(As of FY2019 1H)

**Shinhan DS is Korea's no. 1 digital solution creator that leads SFG's digital transformation.**

- **Incorporation Date : May 13, 1991**
- **Total Equity : KRW 21.4 billion**
- **Total Assets : KRW 90.6 billion**
- **Key Milestones**

1991.05	Shinhan System(Ltd.) established
2003.10	Changed its name to Shinhan Data System (Ltd.)
2009.10	Commenced 'Shared Service Center' operations to support SFG's IT
2010.01	Joined SFG as a subsidiary
2012.11	ISO/IEC 20000(services management), BS 100012 (individual information protection) certification acquired
2014.06	Implementation of Next-generation IT system "WINK"
2016.01	Implementation of main bank system in SEMAS
2017.02	Implementation of main bank system
2018.02	Developed Shinhan Bank SOL App
2018.04	Certified as an Information Security Service Professional Institution
2018.05	Renamed to Shinhan DS
2018.07	Establishment of Shinhan DS Vietnam (overseas subsidiary)
2018.08	System Integration project for Mizuho Bank
2019.02	System Integration project for Jeju Air
2019.04	System development project for Shinhan AI

- **Business Scope**  
Digital Financial Services (cyber Security, ICT R&D, etc)  
System Integration(SI), System Management  
IT Outsourcing(ITO), IT Consulting

## Vision & Strategy

### Mission

**Compassionate ICT,  
Your Companion for the future**

### Vision

**Digital Solution Creator**

### Strategic goal

**Leader in New Digital Technology and  
Continuing efforts for "One Shinhan ICT"**

### Strategic Priorities

**Taking the  
lead in  
New  
Digital  
ICT**

**Support for  
"One  
Shinhan"  
Strategy**

**Building  
basis for  
sustainable  
develop-  
ment**

**Secure  
and  
foster  
ICT  
profe-  
ssionals**

**Established strong corporate culture for  
strengthening the execution of  
compassionate finance**



## No. 1, Fund Service Company In Korea

Shinhan AITAS, founded in June 2000, is the best fund service specialty provider with unparalleled market competitiveness and the largest domestic market share. It provides general fund related administrative services as well as comprehensive system for asset management, including Accounting System, Trading System, and Asset Management System.

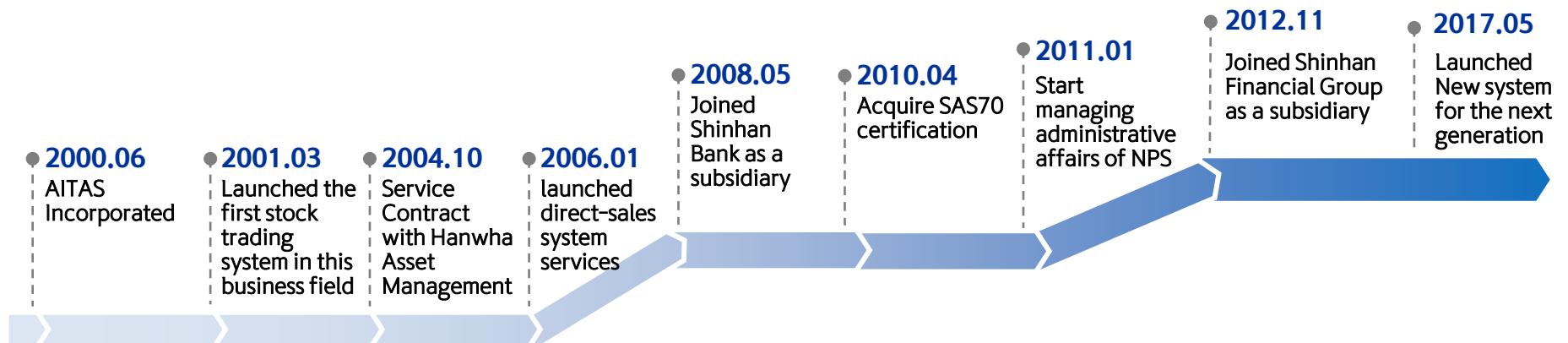
Shinhan AITAS will provide the best differentiated services to its customers based on know-how accrued from supporting them in system, consulting, and solutions for various securities businesses, and its in-house specialists.

## Overview

(As of FY2019 1H)

- **Incorporation Date** : June 15, 2000
- **CEO** : Choi Byoung-hwa
- **Total Equity** : KRW 60.6 billion
- **No. of Employees** : 250
- **Major Shareholders** : SFG (99.79%), Others (0.21%)

## Key Milestones



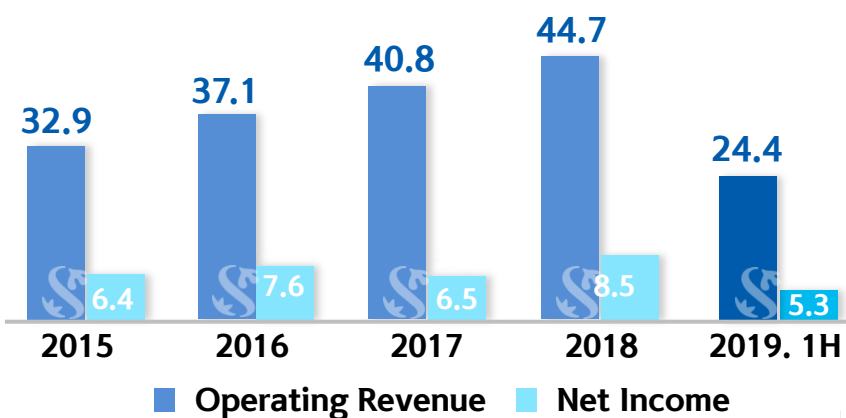


# Financial Highlights & Market Position

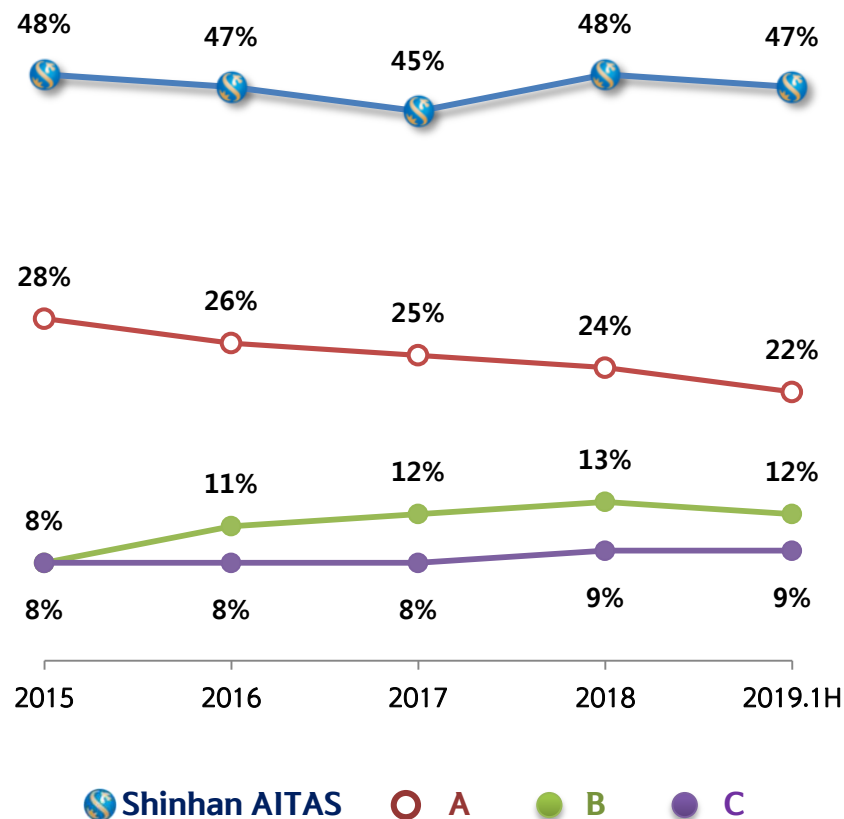
## Financial Highlights

(KRW billion)	FY2015	FY2016	FY2017	FY2018	FY2019 1H
<b>Condensed IS</b>					
Operating Revenue	32.9	37.1	40.8	44.7	24.4
Operating Expense	25.1	27.6	33.0	34.4	18.0
(SG&A)	25.1	27.6	33.0	34.4	18.0
Operating Income	7.8	9.5	7.9	10.4	6.4
Net Income	6.4	7.6	6.5	8.5	5.3
<b>Condensed BS</b>					
Total Asset	42.7	53.9	58.2	65.7	68.7
Total Equity	37.8	45.5	52.0	58.4	60.6
<b>Key Financial Indications</b>					
ROE	16.96%	16.79%	12.48%	14.50%	9.01%
ROA	14.99%	14.16%	11.14%	12.87%	7.98%
Cost Income Ratio	76.18%	74.37%	80.76%	76.82%	73.67%

(KRW billion)



## Market Position (including AUM)



## Profile

Shinhan Credit Information, a wholly-owned subsidiary of SFG, is a specialist in credit information business. With integrated management of non-performing assets, the company allows synergy creation amongst the Group's subsidiaries and robust asset quality.

- **Sales revenue** : KRW 37.6 billion (FY2019 1H)
- **Customers under management** : approx. 460,000
- **Credit Rating** : A<sup>-</sup>(e-3<sup>-</sup>)

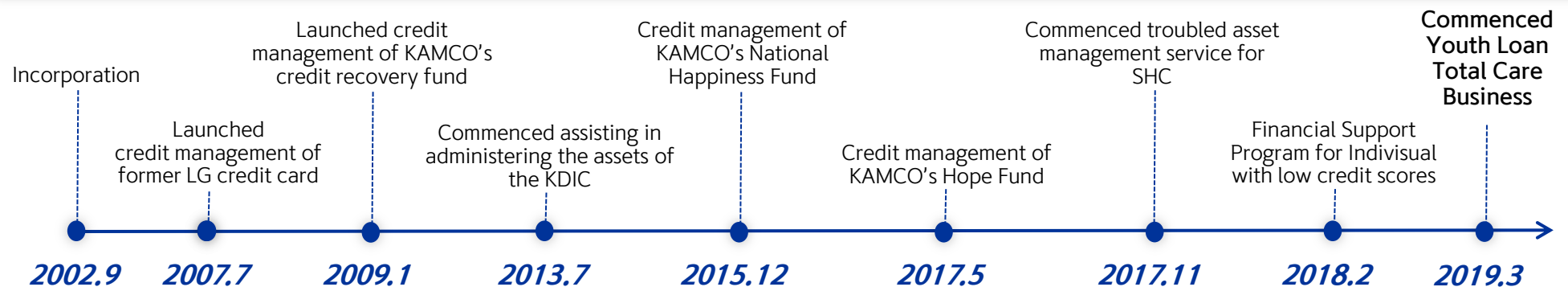
## Business Scope

(As of FY 2018)

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

- **Credit under management**
  - for Group Companies : KRW 3.5 trillion
  - Public Credit : KRW 1.7 trillion
- **No. of credit research** : 190,000
- **Current Beneficiaries of Financial Support Program** : approx. 4,912 persons

## Key Milestones

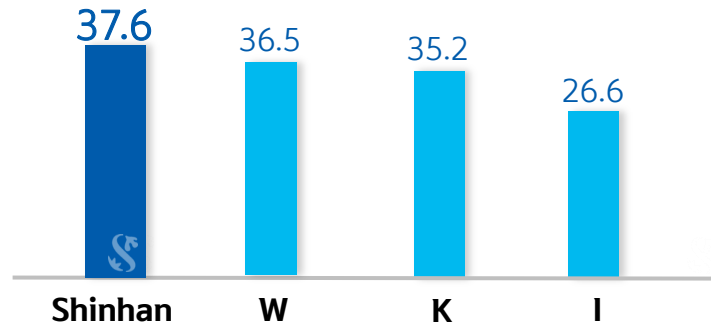




## Market Position

(KRW billion)

### ● Operating Income



※ As of FY2018

## Global Certification (Information Security)



### ISO 27001

ISO 27001 Certified  
(Global certificate for Information Security Management System)

### BS 10012

Attained global certification to BS 10012 (Information Security Standards) from BSI (British Standards Institution)

## Network

South Korea







## Overview

### ● Company Overview (As of FY2019 1H)

- ✓ The first local private equity company in Korea established in Dec. 2004 with a 100% capital contribution by Shinhan Financial Group.
- ✓ Shinhan AI obtained a license for hedge fund business and changed its name

- **Incorporation Date : December 8, 2004**
- **Total Equity : KRW 10.1 billion**
- **AUM : KRW 5.8 trillion**
- **Key Milestones**

<b>2004.12</b>	Shinhan Private Equity Established
<b>2004.12</b>	Joined Shinhan Financial Group as a subsidiary
<b>2005.08</b>	Established Shinhan NPS Private Equity Fund 1 <sup>st</sup>
<b>2008.06</b>	Established Shinhan Private Equity Fund 2 <sup>nd</sup>
<b>2008.12</b>	KOREA Capital Market the bell League Table Awards – Best M&A Deal by PEF
<b>2011.11</b>	Changed its name to Shinhan Private Equity Investment Management
<b>2012.12</b>	Established Shinhan Stonebridge Petro Equity Fund
<b>2014.02</b>	Changed its name to Shinhan Private Equity
<b>2015.02</b>	Relocated its HQ to Yeongdeungpo-gu
<b>2017.11</b>	Changed its name to Shinhan Alternative Investment with Additional Mandate
<b>2018.12</b>	Liquidated Shinhan NPS Private Equity Fund 1 <sup>st</sup>

## Operation Overview

### ● Private Equity Funds

Shinhan Private Equity Fund 2nd	<ul style="list-style-type: none"> <li>• Investment Amount : KRW 460 billion</li> <li>• Independently managed by Shinhan PE</li> <li>• Liquidated in June, 2017 and currently in process of selling the remaining assets to 'Jeonju paper'</li> </ul>
Shinhan Stonebridge Petro Equity Fund	<ul style="list-style-type: none"> <li>• Investment Amount : KRW 818.2 billion</li> <li>• Jointly invested and operated by Shinhan PE &amp; Stonebridge</li> <li>• Invested KRW 800 billion in SK Incheon Petrochem</li> </ul>



## Operation Overview

### ● Real Estate Funds

Shinhan AIM Real Estate Private Equity 1st	<ul style="list-style-type: none"> <li>Investment Amount: KRW 206 billion</li> <li>Invested in Senior Mezzanine Loan ABS backed by Worldwide Tower based in NYC</li> </ul>
Shinhan AIM Real Estate Private Equity 2nd	<ul style="list-style-type: none"> <li>Investment Amount : KRW 111 billion</li> <li>Invested in Senior Mezzanine Loan ABS backed by 29 hotels based in the US</li> </ul>
Shinhan AIM Real Estate Private Equity 3rd	<ul style="list-style-type: none"> <li>Investment Amount : KRW 716 billion</li> <li>Asset Facility(Senior Secured Delayed Draw Note) for Goldman Sachs' Broad Street Real Estate Credit Partners III, LP.</li> </ul>
Shinhan AIM Real Estate Private Equity 4th	<ul style="list-style-type: none"> <li>Investment Amount : KRW 65 billion</li> <li>Invested in B Note ABS backed by Aliso Creek Apartments in Orange County</li> </ul>
Shinhan AIM Real Estate Private Equity 8th	<ul style="list-style-type: none"> <li>Investment Amount : KRW 65 billion</li> <li>Invested in Mezzanine Loan backed by The Ritz Hotel in the UK</li> </ul>
Shinhan AIM Real Estate Private Equity 5 / 5-A / 6 / 7th	<ul style="list-style-type: none"> <li>Investment Amount : KRW 311.8 billion</li> <li>Invested in B-note and Mezzanine backed by 'Dumbo Heights' in Brooklyn, USA</li> </ul>

### ● Infrastructure, Fund of Funds (FOF), Social Enterprise

Shinhan AIM Private Equity Fund of Funds 1st	<ul style="list-style-type: none"> <li>Investment Amount : KRW 302 billion</li> <li>Invested in North American Middle Market Corporate Senior Loans</li> </ul>
Shinhan AIM Private Equity Fund of Funds 1st (A)	<ul style="list-style-type: none"> <li>Investment Amount : KRW 43 billion</li> <li>Invested in North American Middle Market Corporate Senior Loans</li> </ul>
Shinhan AIM Infrastructure Private Equity 1st	<ul style="list-style-type: none"> <li>Investment Amount : KRW 173 billion</li> <li>Invested in SOC projects based in Europe, North America (Equity Investment in Private-Public Partnership(PPP) in countries with high credit ratings (above AA-))</li> </ul>
Shinhan AIM Infrastructure Private Equity 2nd	<ul style="list-style-type: none"> <li>Investment Amount : KRW 96.8 billion</li> <li>Equity investment in Attero, a waste treatment facility based in the Netherlands</li> </ul>
Shinhan AIM Private Equity Fund of Funds 2nd	<ul style="list-style-type: none"> <li>Investment Amount : KRW 45.5 billion</li> <li>Invested in C-class beneficiary certificate issued by Bain Capital Special Situation Europe ICAV(SSE)</li> </ul>
Shinhan Credit Infrastructure Private Equity 1st	<ul style="list-style-type: none"> <li>Investment Amount : KRW 222 billion</li> <li>Invested in senior loan receivables of Brunswick Asset Financing LLC, an SPC invested by KKR</li> </ul>
Shinhan AIM Social Enterprise Private Equity 1st	<ul style="list-style-type: none"> <li>Investment Amount : KRW 15 billion</li> <li>Investment to be made on mezzanine backed by social enterprises and social enterprise start-ups in accordance with the 'Social Enterprise Promotion Act,</li> </ul>

## Overview

### ● Company Overview (As of FY2019 1H)

**Shinhan REITs Management is Real Estate Asset Management Company established in Oct. 2017 with a 100% capital contribution by Shinhan Financial Group.**

- **Incorporated Date : Oct. 18, 2017**
- **Total Equity : KRW 36.8 billion**
- **AUM : approx. KRW 870 billion**
- **Key Milestones**

2017.10	- Shinhan REITs Management Established - Joined SFG as a subsidiary
2017.12	- Selected as a preferred bidder for project of Pangyo Alpha dome(6-4BL)
2017.12	- Launched 1st REITs (Shinhan Alpha REITs)
2018.04	- Shinhan Alpha REITs Acquired underlying assets (Pangyo Alpha dome 6-4BL, The Prime Tower equity)
2018.07	- IPO
2018.08	- Listed on KOSPI
2018.10	- Shinhan Alpha REITs included additional assets (Yongsan The Prime Tower)
2019.04	- Launched Shinhan Alpha REITs GangNam
2019.05	- Shinhan Alpha REITs GangNam acquired underlying assets (WeWork Tower Seolleung)

## Operation Overview

### ● REITs under Management (As of FY2019 1H)

#### Shinhan Alpha-REITs Real Estate Investment Company

- **Incorporated on Dec. 18, 2017**
- **Investment Assets:**
  - Alpha Dome 6-4BL (Pangyo)
  - The Prime Tower (YongSan)
- **AUM: KRW 0.74 trillion**
- **Market Cap. : KRW 322.9 billion (as of FY2019 1H)**
- **Wholly managed by Shinhan REITs Management**

#### Shinhan Alpha-REITs GangNam Real Estate Investment Company

- **Incorporated on Apr. 12, 2019**
- **Investment Assets:**
  - WeWork Tower Seolleung
- **AUM: KRW 0.13 trillion (as of FY2019 1H)**



## Forward-Looking Statements<sup>★</sup>

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 [ir.shinhangroup.com](http://ir.shinhangroup.com) or ②

