



INNOVATION ENABLER

Founded in 2001, Shinhan Financial Group has grown into a leading financial group in Korea by taking full advantage of its capabilities as “One Shinhan”, and through its commitment to “Compassionate Finance”. In 2017, the Group set itself the ambitious goal of leading the future of finance through the “2020 S·M·A·R·T Project”, and since then, all members of the Group have been working together to realize that goal. As we reach our target for 2020, we are now pursuing a higher goal for the future towards “Excellence, Shinhan”.

INNOVATION ENABLER, EXCEEDING EXPECTATIONS OF EXCELLENCE



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Message from the CEO

Dear shareholders,

Over the past year, all of us at Shinhan worked as one to pursue the “2020 S·M·A·R·T Project” in an increasingly complex and volatile global market, so that we can make the leap to become Asia’s leading financial group. Consequently, we saw three years of collective effort on the “2020 S·M·A·R·T Project” begin to bear fruit in 2019 and delivered our best ever performance with a net income of KRW 3,403.5 billion, solidifying our position as Korea’s premier financial group.

We strengthened our non-banking sector by acquiring OrangeLife and Asia Trust to achieve balanced growth, and we completed the establishment of the GIB, WM, Global, GMS, and Pension matrix organizations to begin One Shinhan operations in earnest. These enabled our non-interest income and non-banking income to increase by 32% and 15%, respectively, from the previous year.

We also achieved notable successes through accelerated glocalization. Despite the continuation of a low growth, low interest rate environment at home, we pursued a thorough localization strategy in the ASEAN market, as a result of which earnings from our global business are the highest of financial groups in South Korea and comprise 12% of Shinhan Group’s total net income.

We differentiated ourselves through upgraded Digital Shinhan, undergoing a transformation that encompassed all aspects of management, including systems, processes, products, services, and digital expertise training. Based on the upgrade, we increased operating profits, saved on expenses, launched the second Shinhan Future’s Lab, and established Shinhan AI, the nation’s first investment consulting company powered by artificial intelligence. We thereby succeeded in building a fintech ecosystem exclusive to Shinhan.





Lastly, we continued with the creative progress of Shinhan Culture through a virtuous cycle of growing value for customers, Shinhan, and society. With pioneering ESG management practices that include the Innovative Finance Committee, Society of Hope Project, ECO Transformation 20·20, and implementation of the UN Principles for Responsible Banking, we won broad recognition for our commitment to sustainability. Accordingly, we were able to maximize sustainable shareholder value based on Shinhan's unique capabilities and the industry's most diversified business portfolio.

Plans for 2020

2020 marks the beginning of a new ten-year journey. In this meaningful year, each and every employee will join forces as One Shinhan to successfully complete the "2020 S·M·A·R·T Project". We will also make the leap beyond simply being first in our markets, and come to embody "Excellence".

CEO Interview Video 



First, we will achieve excellence by earning the trust of customers and society through customer-centered policies that target voice phishing, institute a mutual growth assessment system, closely monitor customers' investment assets, and more. We will also utilize the distinct advantages of One Shinhan to provide all our customers with unmatched experience and value.

Second, we will lead the Fourth Industrial Revolution by pursuing excellence through openness. We will actively seek out domestic and international partnerships with a variety of fintech and big tech firms while fostering the convergence of technology, knowledge, and human talent through wide-ranging collaborations between academia and the private sector beyond finance.

Finally, we will strive for excellence with a pioneering spirit by promoting innovation within the company and industry. For example, we will support the Triple-K Project through three key initiatives: Korea Cross Country, Korea to Global, and K-Unicorn. Moreover, we will apply the same trailblazing attitude inward to innovate every aspect of our organization through Speedy, Agile, and Quick (SAQ) transformation.

Valued shareholders!

Your steadfast support has been a source of strength since Shinhan was founded, inspiring us to rise above challenges and continue our march along the path of progress. This year as ever, we will endeavor to meet your expectations as a leading financial group. I wish you and your families health and peace of mind as we weather through these troubling times.

Thank you.

March 26, 2020

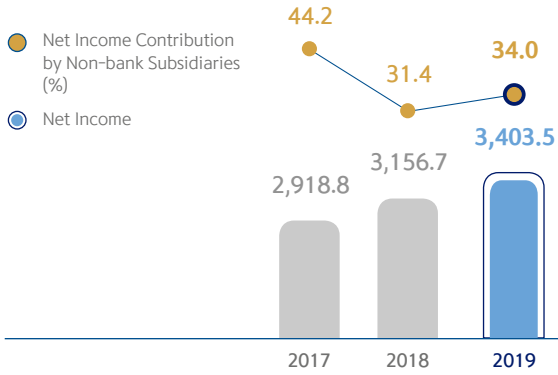
Cho Yong-byung

CEO, Shinhan Financial Group

Key Performance Indicators

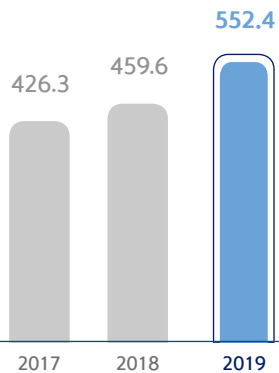
Group Net Income

(KRW billion)



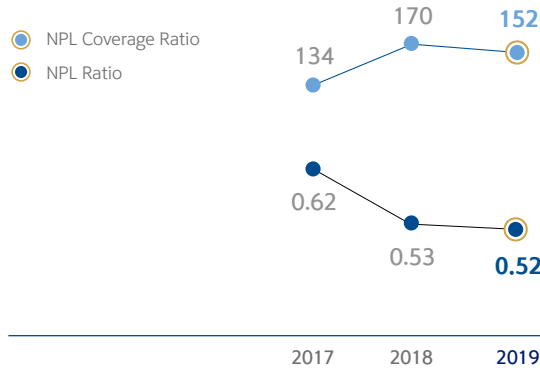
Group Assets

(KRW trillion)



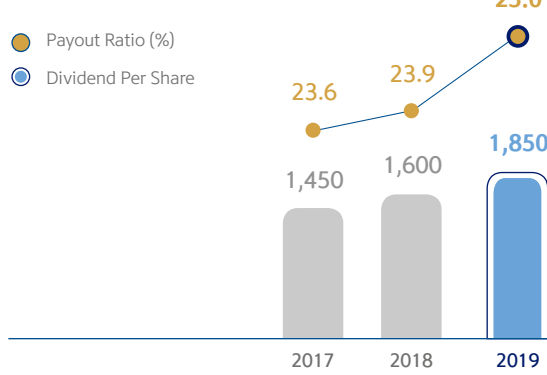
Asset Quality

(%)



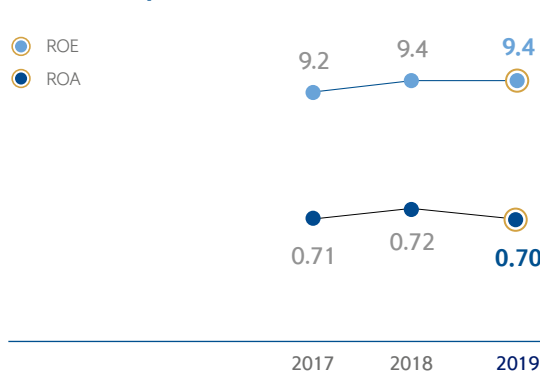
Dividend

(KRW)



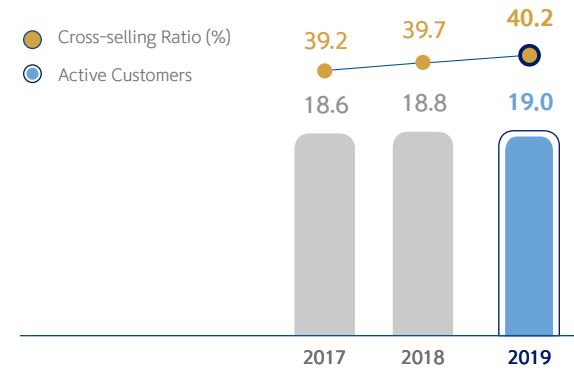
Profitability

(%)



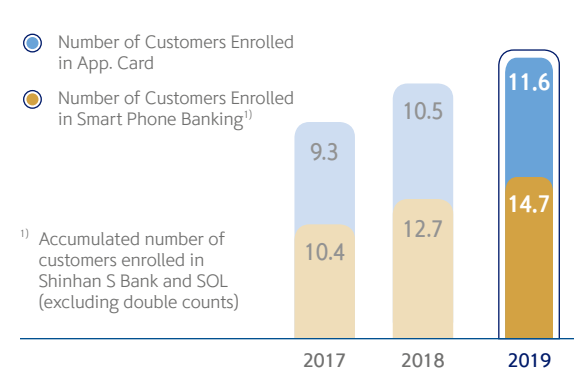
Customers

(Persons in million)



Digital

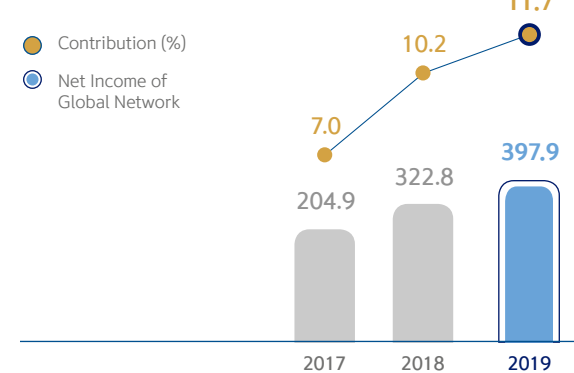
(Persons in million)



¹⁾ Accumulated number of customers enrolled in Shinhan S Bank and SOL (excluding double counts)

Global

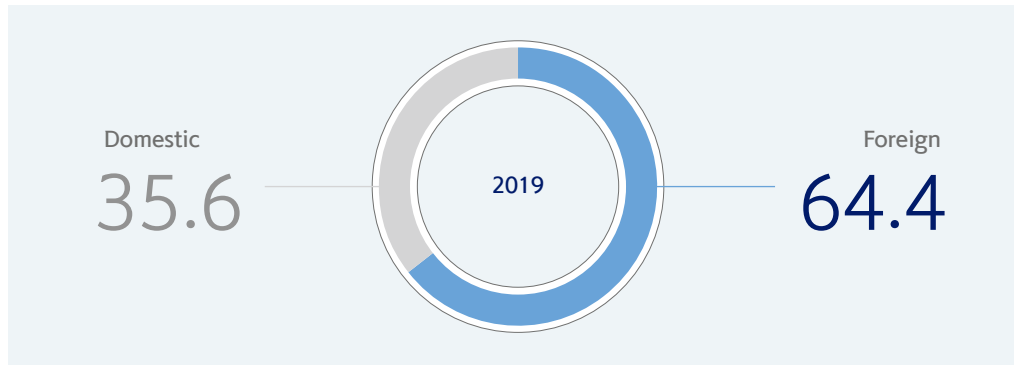
(KRW billion)



Stock Information

Share Ownership

(Unit: %)



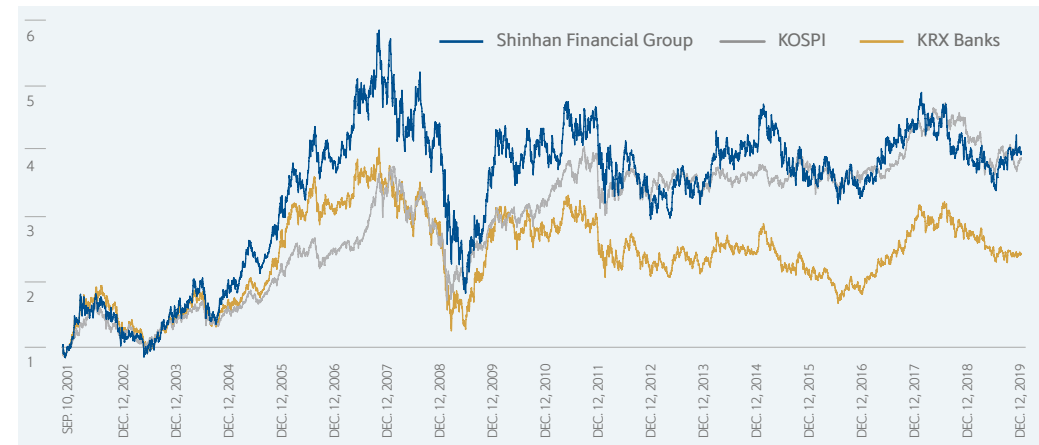
Shareholders Holding Ownership of More than 1%

Name of Shareholder	Number of Shares Owned	Ownership
National Pension Service	47,063,799	9.92%
BlackRock Fund Advisors ¹⁾	29,063,012	6.13%
SFG Employee Stock Ownership Association	24,252,302	5.11%
BNP Paribas SA	16,826,276	3.55%
Citibank, N.A. (ADR Dept.)	13,260,291	2.80%
The Government of Singapore	12,030,695	2.54%
Norges Bank	8,739,929	1.84%
Samsung Asset Management	8,285,439	1.75%
Vanguard Total International Stock Index	6,799,594	1.43%
Peoples Bank of China	5,603,568	1.18%
Others	302,274,682	63.74%
Total	474,199,587	100.00%

* Based on the results of shareholder registry closing as of December 31, 2019

¹⁾ Based on the large equity ownership disclosure by BlackRock Fund Advisors with the Financial Supervisory Service on September 27, 2018

Share Price Movement



* Sep. 10, 2001 = 1.00

Stock Performance

(Unit: KRW)

	2019	2018
Market Capitalization (Year End)	20.6 trillion	18.8 trillion
Share Price	-	-
Year End	43,350	39,600
High	48,000	53,400
Low	38,350	39,050
Weighting in the KOSPI (Year End)	1.4%	1.4%
Average Daily Trading Volume	1.0 million shares	1.0 million shares
Dividend Per Share	1,850	1,600
Total Dividend Paid	884 billion	753 billion
Foreign Share Ownership	64.4%	68.6%

Number of Shares Issued

Type of Stock	No. of Shares
Common Stock	474,199,587
Convertible Preferred Stock	17,482,000

* The number of treasury shares held by Shinhan Financial Group as of December 31, 2019 is 13,882,062 common shares

** All of the 17,482,000 convertible preferred shares other than the above common shares are held by Mercury 1st LLC

*** The total number of common shares increased to 482,432,493 shares as of January 28, 2020, due to the newly issued common shares in relation to a comprehensive stock exchange between Shinhan Financial Group and OrangeLife Insurance

2019 Highlights

In 2019, all subsidiaries of Shinhan Financial Group worked together under the “One Shinhan” strategy for the successful completion of the “2020 S·M·A·R·T Project” which has been implemented since 2017. We strived to build the foundations for sustainable growth, with a particular focus on creative execution of the Project, and as a result, we achieved growth which exceeded the targets we set for ourselves at the beginning of the year as well as market expectations, making huge strides toward our ultimate goal of becoming a “World Class Financial Group”.



YEAR IN REVIEW

- Formed a strategic partnership with IMM PE
- Introduced facial recognition into SOL, Shinhan Bank's smart banking app



FEBRUARY

- Shinhan Card signed an MOU with Visa Inc.



APRIL

- Expanded WM banking business in Vietnam



JUNE

2019

01

02

03

04

05

06

JANUARY

MARCH

MAY



- Orangelife joined Shinhan Financial Group as a direct subsidiary
- Co-developed digital loan products with Zalo, Vietnam's flagship messaging app



- Launched Shinhan SHeroes II, a Group-wide program to cultivate female leaders



- AsiaTrust joined Shinhan Financial Group as a direct subsidiary
- Acquired the underlying asset for Shinhan Alpha REITs

- Established Shinhan Vietnam Financial Company

- Launched Shinhan Future's Lab in Indonesia
- Launched SOL in Indonesia
- Signed the Principles for Responsible Banking

- Held Shinhan Hackathon
- Hosted Shinhan Future's Lab Demo Day



JULY

07



SEPTEMBER

09



NOVEMBER

11

AUGUST

08

OCTOBER

10

DECEMBER

12



- Established Shinhan AI
- Number of SOL users in South Korea exceeded 10 million



- Shinhan Bank Vietnam became the first foreign bank in Vietnam to win approval to implement BASEL II



- Launched Shinhan PIB Center by combining PWM and IB services
- Total amount of payments made through Shinhan Card's PayFAN exceeded KRW 1 trillion

2020 S·M·A·R·T Project

The “2020 S·M·A·R·T Project” underpins the sustainable growth of Shinhan Financial Group, and it is our unique way of working. Based on four strategic pillars – balanced growth, glocalization, digital transformation, and upholding the Shinhan culture – it has driven each subsidiary to leverage its expertise, and to look for areas of collaboration. As a result of focusing more on the diversification of earnings base and the prudent expansion of its global business in 2019, the Group’s assets totaled KRW 552,443 billion at the end of the year, and net income exceeded KRW 3 trillion for the second consecutive year, thereby reinforcing the Group’s status as a leading financial group.

Group Net Income Growth

+7.8%
YoY



BALANCED GROWTH



GLOCALIZATION



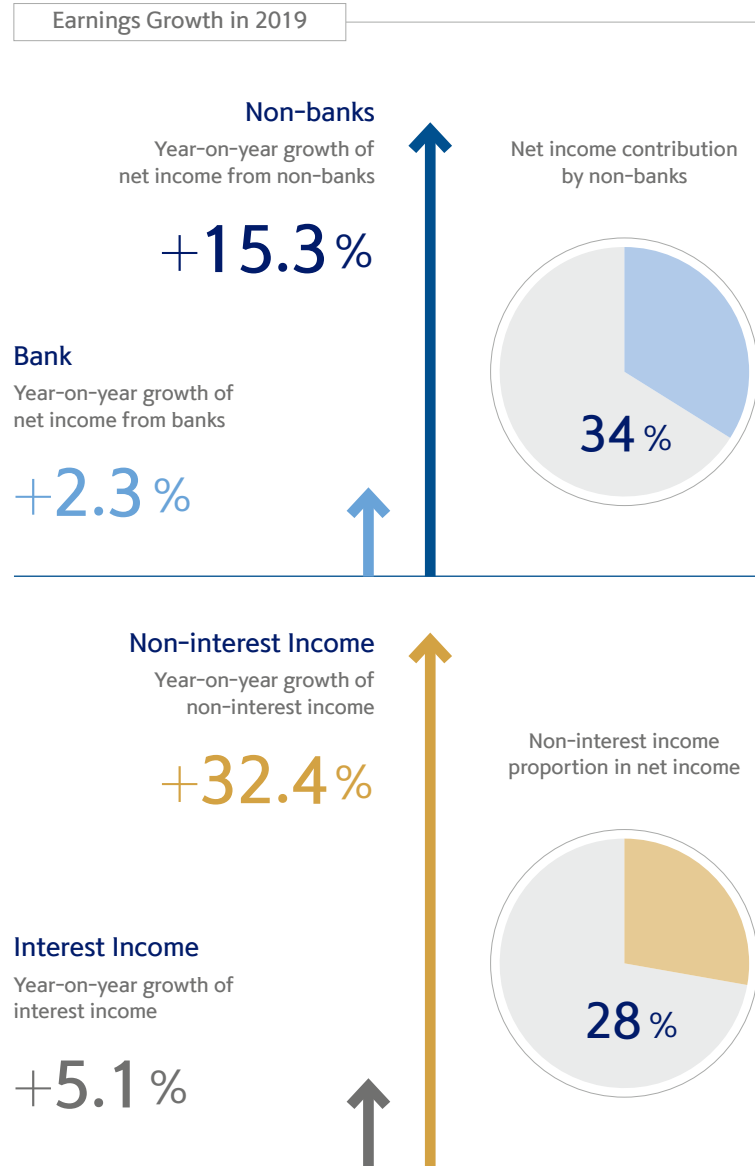
DIGITAL TRANSFORMATION



SHINHAN CULTURE

BALANCED GROWTH

In 2019, Shinhan Financial Group continued to perform strongly, with all of its business lines growing stably thanks to a balanced revenue structure which does not lean excessively towards one specific business. As well as solidifying our leadership in areas where we have demonstrated expertise, including the banking and card businesses, we improved our competitiveness in new business areas, such as insurance and real estate, enabling us to generate both organic and inorganic growth. As a result, interest income in 2019 rose by 5.1% year-on-year to record KRW 8,001 billion, and non-interest income increased by 32.4% to reach KRW 3,131 billion. Based on strong earnings growth, backed by synergies created through “One Shinhan” collaboration system, the Group delivered record performance in 2019.



* Based on cumulative net income for the year
¹⁾ The sum of cumulative net income from OrangeLife, Asia Trust, Shinhan Vietnam Finance Company (SVFC), Shinhan REITs Management, and Shinhan Asset Management Indonesia (SAMI)

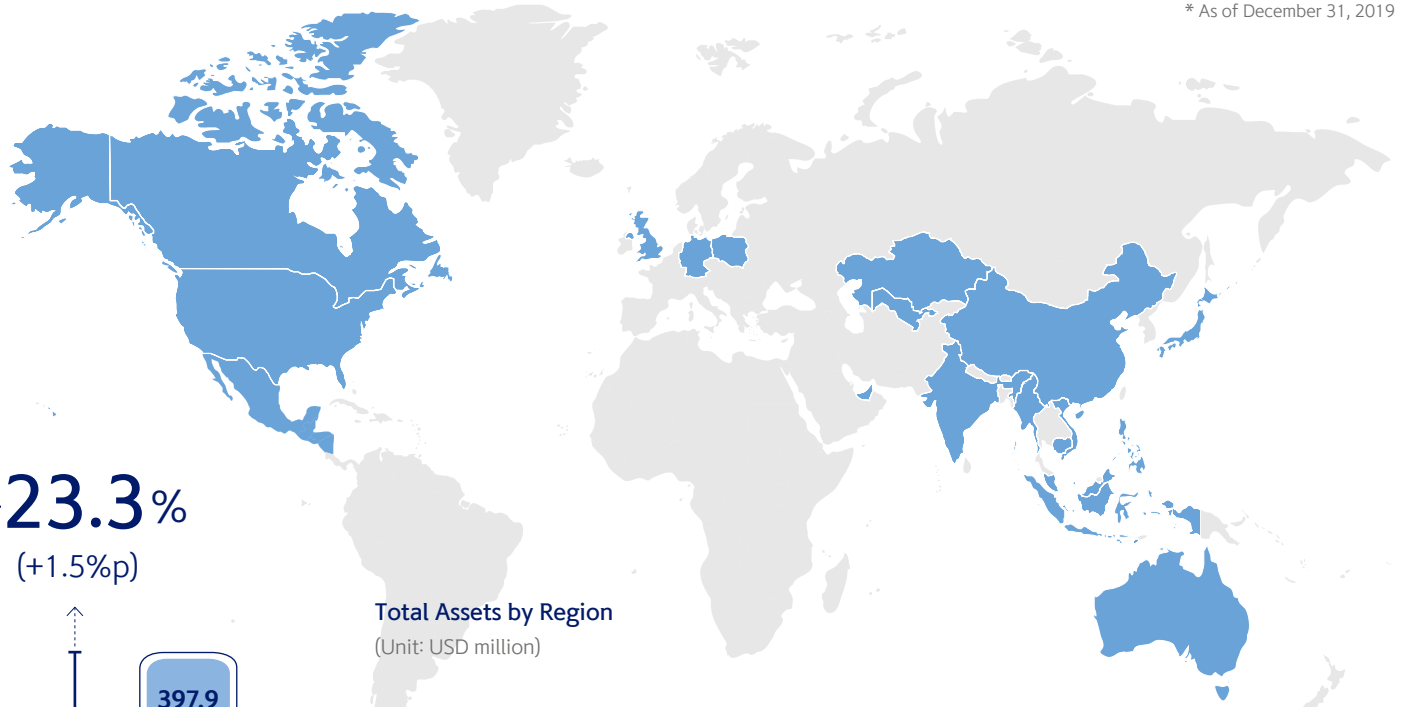
GLOCALIZATION

Shinhan Financial Group has been staying ahead of the curve in global business, and its unique approach is enabling the Group to maintain strong growth, mainly in Asia. Global net income in 2019 recorded KRW 397.9 billion, an increase of 23.3% year-on-year, thanks to the effectiveness of the Group's "glocalization" strategy which takes into account the particular characteristics of each region, and a matrix organization which is aimed at creating integrated synergies. As of the end of 2019, we have 219 global networks in 20 countries around the world, including offices, branches, and subsidiaries, and these networks are achieving both quantitative and qualitative growth across a range of businesses.

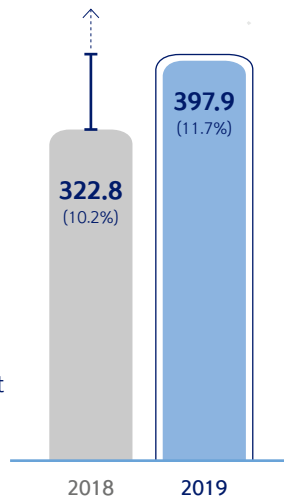
219 networks in **20** countries

* As of December 31, 2019

Global Network



+23.3%
(+1.5%p)



Global Business

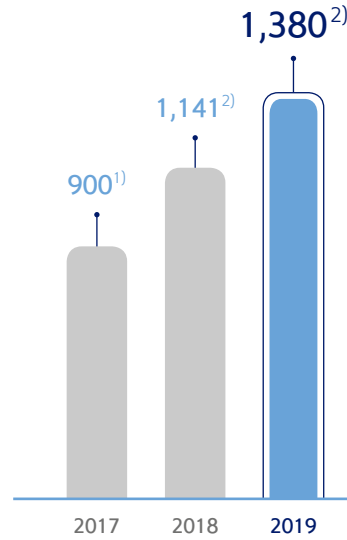
Group Net Income from Global Business (Global Net Income Contribution)
(Unit: KRW billion)

Total Assets by Region
(Unit: USD million)

4,834 Vietnam (65)	1,316 Indonesia (59)	5,823 Asia Pacific (36)	8,079 China (23)
4,317 Americas (22)	8,131 Japan (10)	3,073 Europe (3)	383 UAE (1)

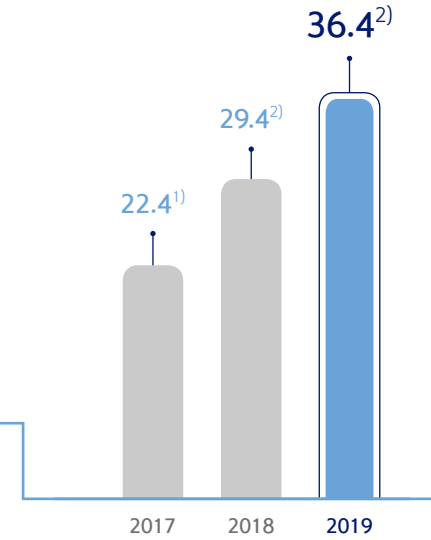
DIGITAL TRANSFORMATION

Shinhan Financial Group has been implementing the two-track digital transformation strategy, based on the dual approach of “transformation of current business models” and “development of disruptive business models”, with the goal of innovating its business models and supporting the “2020 S·M·A·R·T Project”. In addition, we strive to build an organizational culture and business capabilities which are optimized for the digital environment based on the 5C framework – core tech, capability, culture, collaboration, and change. In 2019, we moved forward with digital innovation in our products and services in order to deliver tangible results through digital transformation, the Group is moving forward with digital innovation in its products and services, while also making preemptive responses to changes in the digital environment, and expediting our evolution into digital Shinhan.



¹⁾ Based on cumulative operating income from Shinhan Bank, Shinhan Card, Shinhan Investment, and Shinhan Life Insurance

²⁾ Based on cumulative operating income from Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life Insurance, and OrangeLife



¹⁾ The sum of such digital platform users as SOL, ShinhanPay FAN, and Shinhan Plus

²⁾ The sum of such digital platform users as SOL, ShinhanPay FAN, Shinhan Plus, and Jeju Jini

Number of Users

11.9 million



SOL
Mobile banking app of Shinhan Bank

11.6 million



ShinhanPay FAN
Mobile payment app of Shinhan Card

12.1 million



Shinhan Plus
Integrated marketing platform of SFG

1.8 million



Jeju Jini
Non-financial travel platform for Jeju Island

SHINHAN CULTURE

Shinhan Financial Group's mission "Compassionate Finance, Your Companion for the Future" is the core of its corporate culture which embraces diversity and respects the dignity of all members of Shinhan. Our mission has further developed into our commitment to creating shared value (CSV), aimed at generating both economic value and social value through finance. In 2019, the Group continued to practice productive, inclusive, and social finance, based on a corporate culture which is open and keen to take on challenges, thereby setting new standards in sustainable finance.

Compassionate Finance, Your Companion for the Future

2019 Key Achievements +

Our Mission



Responsible Growth

- Provide solutions to enhance customer values
- Fair and ethical business practices

Alignment with UN SDGs



Social Partnerships

- Increase financial inclusion
- Establish creative and open corporate culture

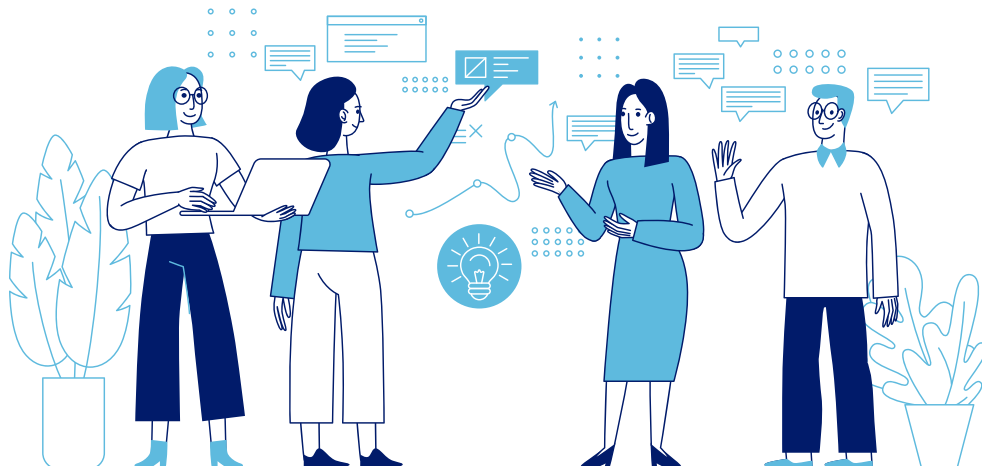
Alignment with UN SDGs



Investments for the Future

- Realize positive social responsibilities
- Manage social and environmental risks

Alignment with UN SDGs



SHINHAN CULTURE

Shinhan Financial Group’s mission “Compassionate Finance, Your Companion for the Future” is the core of its corporate culture which embraces diversity and respects the dignity of all members of Shinhan. Our mission has further developed into our commitment to creating shared value (CSV), aimed at generating both economic value and social value through finance. In 2019, the Group continued to practice productive, inclusive, and social finance, based on a corporate culture which is open and keen to take on challenges, thereby setting new standards in sustainable finance.

Compassionate Finance, Your Companion for the Future

2019 Key Achievements



Our Mission



Responsible Growth



Inno-Talk, a platform to promote innovative growth In September 2019, Shinhan Financial Group launched its “Inno-Talk”, an online platform to support innovative companies. Embodying “innovation” and “talk”, Inno-Talk provides a wide range of information relating to startups, and also offers consulting as well as investment and financial services. Going forward, we will continue to support innovative growth of startups through our three major innovative growth platforms – Do Dream Space, Shinhan Future’s Lab, and Inno-Talk.

<https://www.innotalk.co.kr>

Social Partnerships



Inclusion in the Bloomberg Gender Equality Index Shinhan Financial Group was named to the 2019 Bloomberg Gender Equality Index (GEI). GEI is an ESG index that measures gender equality across five pillars – female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand. Shinhan Financial Group became the first company in Korea ever to be included in the GEI, winning recognition for its efforts to enhance diversity and inclusiveness in the workplace.

Investments for the Future



Issuance of Sustainable Bonds In July 2019, Shinhan Financial Group became the first financial holding company in Korea to issue sustainable bonds targeting overseas investors. This special-purpose bond, worth USD 500 million, combined a social bond, which aims to solve social issues by supporting people on low incomes and SMEs, with a green bond, which invests in environmental improvement and new & renewable energy projects. The proceeds from the bonds will be used to implement ESG-related projects connected to “ECO Transformation 20·20”, the Group’s mid-term eco-friendly vision.



F.R.E.S.H 2020s

Shinhan Financial Group has set “F.R.E.S.H” as its new strategic direction in order to achieve stronger and more sustainable growth. F.R.E.S.H sets out five coordinates towards “Excellence, Shinhan”, the Group’s mid-term goal – Fundamental, Resilience, Eco-system, Sustainability, and Human-talent. In 2020, the Group will further enhance the value of “One Shinhan” by completing the 2020 S·M·A·R·T Project, moving forward with “Excellence, Shinhan”, and spearheading innovation of finance.

Openness

Trust

MANAGEMENT PRINCIPLES

Pioneer

F.R.E.S.H

5 FUTURE INITIATIVES

Fundamental



Resilience



Human-talent



Eco-system



Sustainability





F.R.E.S.H is the distinctive direction for sustainable growth to successfully complete the 2020 S·M·A·R·T Project and evolve into "Excellence, Shinhan". F.R.E.S.H represents solid fundamentals; resilience to overcome hardships and progress further; creating on/offline platform competitiveness and a digital ecosystem; complete Group level commitment to a sustainable future; and core human-talent to lead the era of the Fourth Industrial Revolution.



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SFG OVERVIEW

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Group Strategy

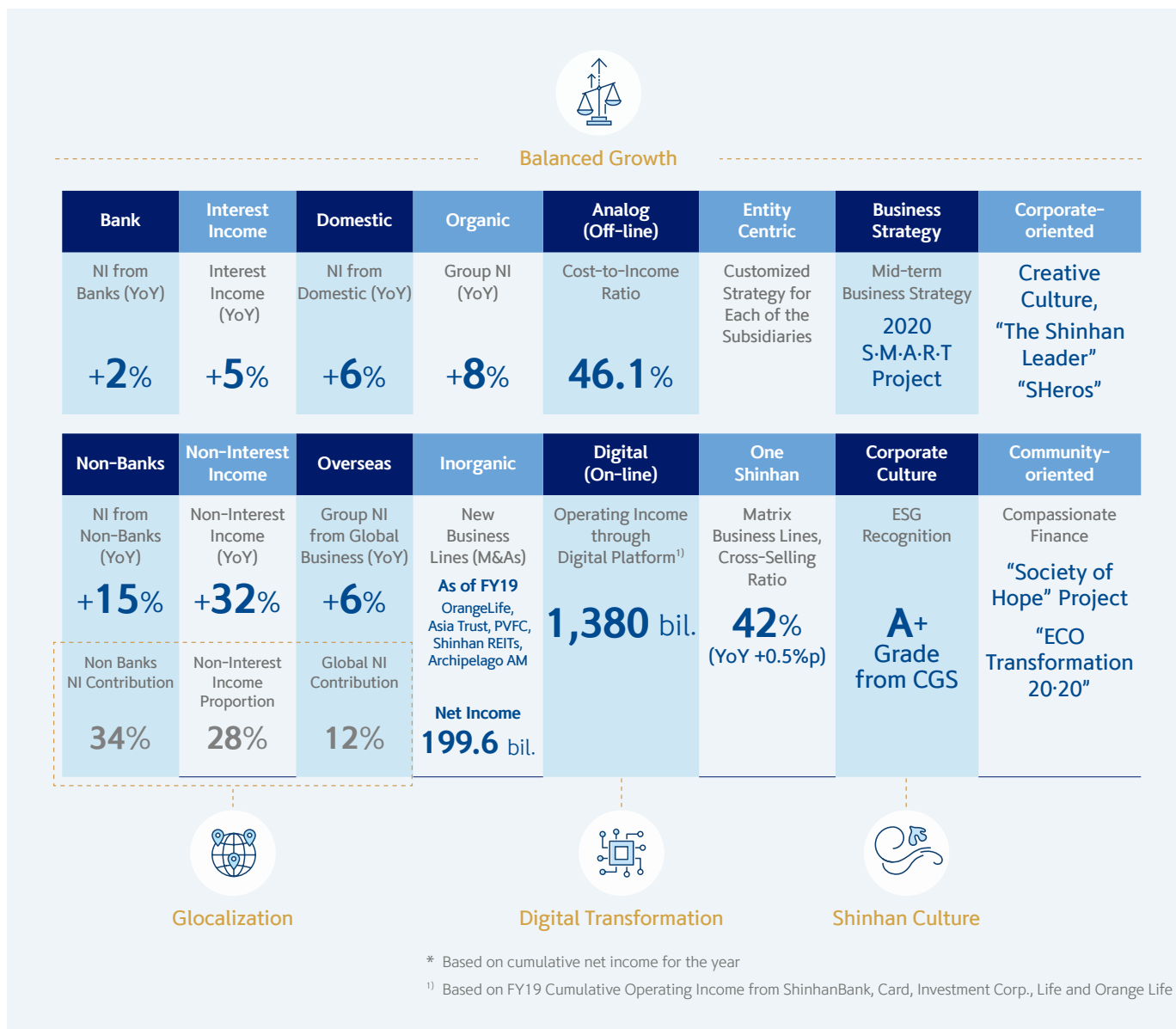
With our proven strategy of discipline, consistency and performance, all members of Shinhan Financial Group work in unison to realize our vision of becoming a “World Class Financial Group” and to achieve sustainable growth.

2020 S·M·A·R·T Project

Since 2017, Shinhan Financial Group has continued to implement its “2020 S·M·A·R·T Project” with an ambition to achieve its mid-term goal of becoming “Asia’s leading financial group”. Under four strategic pillars of 2020 S·M·A·R·T Project – balanced growth, glocalization, digital transformation, and upholding the Shinhan culture – the Group was able to ensure a high level of consistency in its yearly strategic directions. With a goal to become Asia’s leading financial group and then move on to grow into a world-class financial group, the Group built strong foundations for growth in 2017, accelerated distinctive growth in 2018, and then focused on creative execution in 2019. The Group also strengthened its competitiveness and ability to lead financial innovation through its core capabilities maximized by synergies created under the One Shinhan strategy.



Results of 2020 S·M·A·R·T Project in 2019



Beyond No. 1, Towards Excellence

“Excellence, Shinhan” is the Group’s new mid-term goal. This will enable the Group to build on the strengths of the 2020 S·M·A·R·T Project with the goal of overcoming uncertainties, thus becoming stronger and sustainable. To this end, the Group has established “T.O.P” as its management principles and “F.R.E.S.H” as its distinctive growth methodology, and then also sets out seven major strategic directions toward “excellence”.

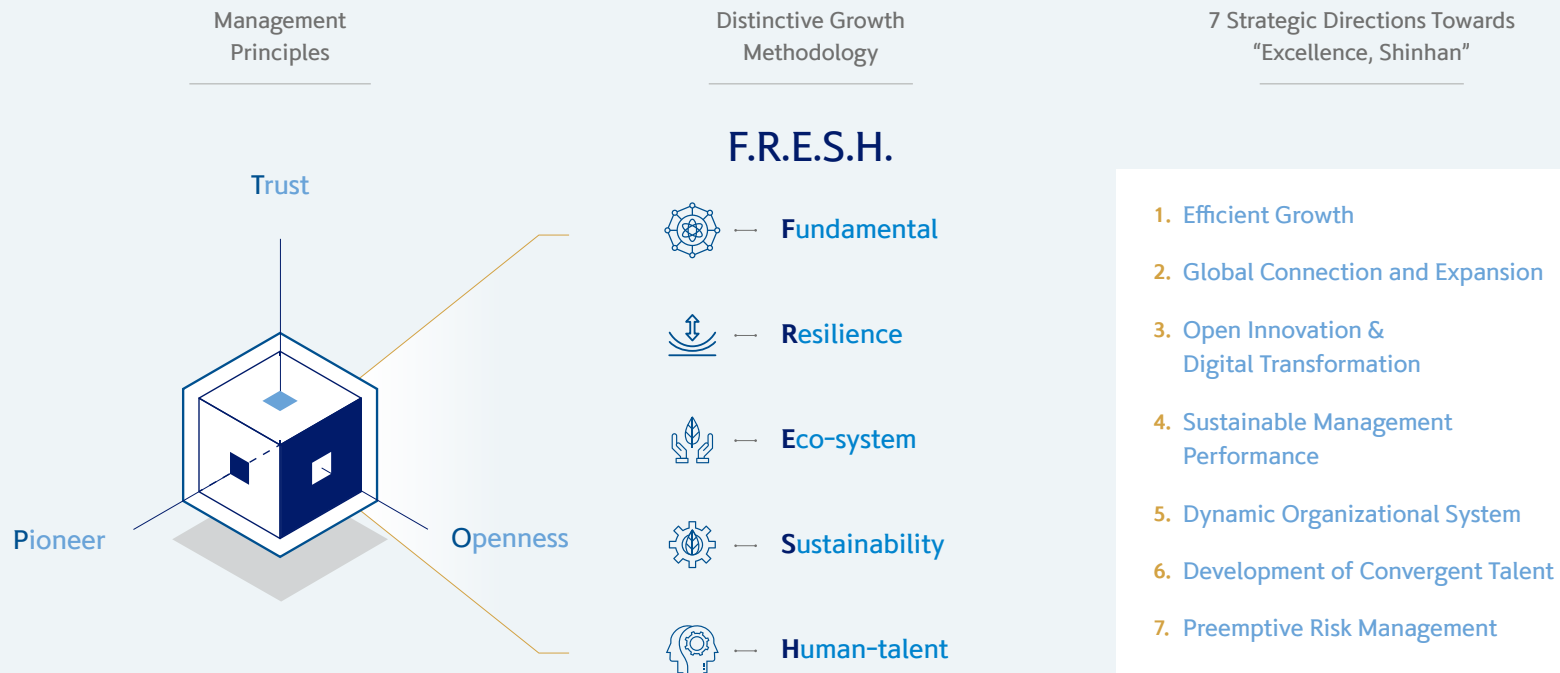
Management Principles – T.O.P

The goal of Shinhan Financial Group is to be better than the best among its peers, and thus evolve into “Excellence, Shinhan” by putting into practice its three key principles of management – trust, openness, and pioneering – which in turn will enable the Group to be recognized for its excellence by its customers and wider society. This commitment embodies the Group’s philosophies – the foundation of finance is customer trust, the future growth of finance is beyond boundaries, and serving the world through finance is built on innovation.

Distinctive Growth Methodology – F.R.E.S.H

“F.R.E.S.H” is the distinctive direction for growth being put into place to successfully complete the 2020 S·M·A·R·T Project and develop into a bigger Shinhan. F.R.E.S.H represents Fundamental, Resilience, Eco-system, Sustainability, and Human-talent, among which ‘resilience’ is a significant factor in a business environment of increasingly complex uncertainties.

Management Principles and Strategic Direction for “Excellence, Shinhan”



Seven Major Strategic Directions for Delivering “Excellence”



1. Efficient Growth

The Group will target qualitative ROA growth through improved capital efficiency and strategic reductions in costs, while investing into future areas of high value-added growth based on its solid growth of existing businesses. Its growth pace will be accelerated through the virtuous cycle of organic growth and inorganic growth.



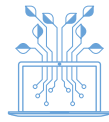
2. Global Connection and Expansion

The Group will expand its global business which has previously been mostly limited to local channels. The scope of its proprietary assets will be expanded to include foreign currency asset management and overseas investment, while the Group will provide more advanced financial services from customer perspectives, including export and import financing, direct global investment, and structured products. In addition, its global portfolio will be strategically rebuilt and rescaled by region in order to establish a more specialized and competitive business model.



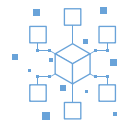
3. Open Innovation & Digital Transformation

The Group will improve its digital capabilities by establishing a Shinhan-centered digital ecosystem through alliances with big tech giants and collaboration with fintech. Digital tasks include providing revolutionary customer experiences through a mega platform, rapidly strengthening AI capabilities, building an integrated big data/algorithm platform, establishing and expanding a digital ecosystem centered on Shinhan, increasing work efficiency through digital tools, and advancing the IT infrastructure.



4. Sustainable Management Performance

The Group has led the implementation of environmental, social and corporate governance (ESG) management, and thus won plaudits from outside evaluation agencies. It will expand its ESG management system at the Group level in order to establish management that is eco-friendly, sustainable, and trust-based. Moreover, it will develop ESG evaluation metrics which adequately measure, monitor, and build on its ESG results and targets – and make a tangible difference through practical outcomes rather than just slogans.



5. Dynamic Organizational System

The Group will build a dynamic portfolio system whereby the Group and its subsidiaries move together organically according to the principles of “creativity and balance” and “collaboration and promotion” with a goal of maximizing its operational efficiency. Accordingly, the Group will have a greater role in areas which require the efficient use of resources. The Group will also be more active in areas where subsidiaries overlap, including customers and markets, and in the search for Group synergy. Furthermore, it will provide rapid and flexible support in areas which require specific expertise and quick customer response, and where there is a potential for a conflict of interest.



6. Development of Convergent Talent

The Group will build an innovative talent management platform to foster convergent talent with strong insights and problem-solving capabilities. To this end, it will focus on creating a healthy workplace, establishing a fully open organizational culture, and discovering the most talented people.



7. Preemptive Risk Management

Risk management will not be limited to the usual areas of credit, interest, liquidity, and foreign exchange, but will include all acts that could harm financial consumers. The Group will reform its overall risk management through strict internal controls and by enhancing its ability to predict change, in order to protect its customers and their assets.

2020 Strategic Tasks

Management Slogan

Beyond No. 1, Towards “Excellence, Shinhan”

Strategic Tasks

- 1 Stay client-focused and execute under “One Shinhan”
- 2 Expand the scope of market-leading business models
- 3 Implement advanced growth strategies for overseas operations
- 4 Innovation-leading digital transformation
- 5 Create value through sustainable and innovative finance
- 6 Strengthen risk management to better respond to change
- 7 Establish values for “Excellence, Shinhan”

2020 Group Management Strategies

2020 will be a pivotal year, with the completion of the 2020 S·M·A·R·T Project and the beginning of the Group’s journey towards “Excellence, Shinhan”. The Group has therefore established seven major strategic directions which are aligned with its “F.R.E.S.H” growth methodology. It has also set out three phases of business scenarios, and established management and risk management responses for each scenario, enabling it to be well prepared for both expected and unforeseen complexities.

1. **Stay client-focused and execute under “One Shinhan”**
The Group will build a sophisticated system from the perspective of “One Shinhan” in order to create customer value which is uniquely “Shinhan”. In particular, the Group will strengthen the competitiveness of its matrix-structured business lines, and focus on improving its customer asset management capabilities.
2. **Expand the scope of market-leading business models**
The Group will solidify market leadership in its core businesses while expanding into new markets through detailed market segmentation. It will also strengthen its insurance and real estate businesses, while enhancing performance in capital markets, in its efforts to identify new growth drivers and diversify earnings base.
3. **Implement advanced growth strategies for overseas operations**
The Group’s international business strategy will focus on qualitative growth rather than simply increasing the number of its overseas networks. Shinhan’s “glocalization” strategy combined with “One Shinhan” collaborative system among subsidiaries will enable the Group to diversify its global business.

4. Innovation-leading digital transformation

The Group will continue to upgrade its digital capabilities in technology, talent, organization, platform/alliance, and management while implementing the two major axes of “current business model transformation” and “disruptive model development”. The particular focus in 2020 will be on the establishment of a customer-centered digital platform and strategic cost reductions through the use of digital technology.

5. Create value through sustainable and innovative finance

The Group will build growth models which take into account climate finance, inclusive finance, and social finance, and will also focus more on strengthening its innovative finance. In addition, the Group will establish a mid- to long-term roadmap to ensure that its sustainable finance operates at a globally advanced level, and build a system to implement global initiatives for the banking industry, such as the United Nations Principles for Responsible Banking (UN PRB).

6. Strengthen risk management to better respond to change

In this era of an increasingly volatile external business environment, the Group will improve its ability to respond rapidly and preemptively to change by improving its crisis detection systems and by implementing risk management strategies from the perspective of One Shinhan. The Group will also offer increased risk management support to new growth areas, and improve its ICT and information protection systems.

7. Establish values for “Excellence, Shinhan”

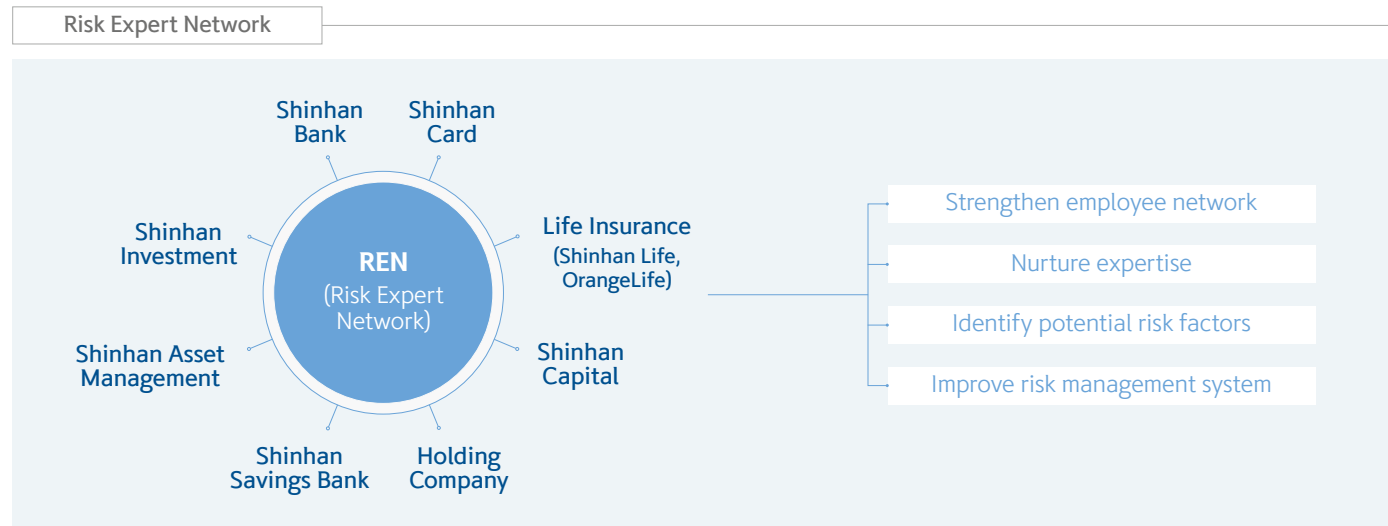
To enhance the concept of what “Shinhan Value” stands for, the Group will redefine the Shinhan culture, and will foster “excellence” based on that culture. Externally, it will make further efforts to establish the Shinhan brand as one that is recognized and admired by its customers and wider society.

Risk Management

Guided by basic principles of risk management, the Group manages risks preemptively and in an integrated way at the Group level through a semi-matrix risk management system encompassing all Group subsidiaries.

Risk Management Tools

Risk Management Philosophy Shinhan Financial Group has established a set of Group-wide risk management guidelines. They apply to all the risk-related actions and decisions undertaken at all its front offices, ensuring that the fullest possible range of risks is taken into consideration in their business dealings.



Integrated Risk Monitoring System The Group runs a comprehensive risk monitoring system that measures a wide range of outside economic indicators, the Group's own risk indicators, and the current status of its risk management process and policies. This system enables a timely identification of potential risks and other key issues. Upon an analysis of the impacts of such risks and issues, preemptive countermeasures are put into place at the Group level. The system also detects and manages unexpected shifts within core indicators by operating a "risk dashboard" system to monitor the amount of assets, risks, and related external issues contained in the portfolios being managed by each subsidiary.

Risk Expert Network (REN) The REN, a network of the Group's risk experts, was formed to foster risk experts through risk training programs and workshops, and to upgrade the overall risk management capabilities of the Group. Members of the REN are chosen according to their work experience and knowledge within their business areas and the related risks. The REN performs a pivotal role in spreading a culture of strong risk management.

Group-wide Corporate Credit Assessment System In order to ensure its best-in-class credit risk management at all levels of its operations, all of the Group's subsidiaries are obliged to align their credit checking system with the Group's standard corporate credit assessment system. This system has improved the quality of the Group's credit portfolio, and received approval from the Financial Supervisory Service in 2016.

Group-wide Risk Management System The Group preemptively manages risk at the Group level through its seamless risk management system which identifies risks, determines the development phase of each risk, and then establishes and executes targeted countermeasures. For example, the Group liquidity risk management system monitors the status of liquidity management at each subsidiary in order to ensure efficient decision-making and suitable emergency measures in the event of a crisis.



Risk Management Organization

Shinhan Financial Group's risk management organization comprises the Group Risk Management Committee, Group Risk Management Council, Group Chief Risk Officer (CRO), Holding Company Risk Management Team, and risk-related committees and dedicated organizations within individual subsidiaries.

Group Risk Management Committee As the highest decision-making body that establishes basic policies and strategies concerning the Group's risk management, the Committee is composed of outside directors of the holding company's Board of Directors, and mainly deliberates and discusses the following:

1. The development of risk management policies that are in line with management strategies;
2. The determination of risk limits for the Group and its subsidiaries;
3. The approval of appropriate investment limits and limits;
4. The enactment and amendment of the Group's risk management regulations and Group Risk Management Council regulations;
5. The organizational structure of the Group's risk management entities and their roles and responsibilities;
6. Matters concerning the operation of the Group's risk management system;
7. Matters concerning the setting of various kinds of limits and the issuance of approvals for exceeding limits;
8. Decision-making matters concerning FSS approvals, based on internal ratings approaches to the Group's credit evaluation system;
9. Matters concerning the Group's policies regarding risk disclosures;
10. The results of risk scenario analyses, and relevant capital management and financing plans;
11. Matters deemed necessary and appropriate by the BOD;
12. Matters demanded by outside regulations, including those of the FSC, and matters set forth in other regulations, guidelines, etc.; and
13. Other matters deemed necessary and appropriate by the Chairperson.

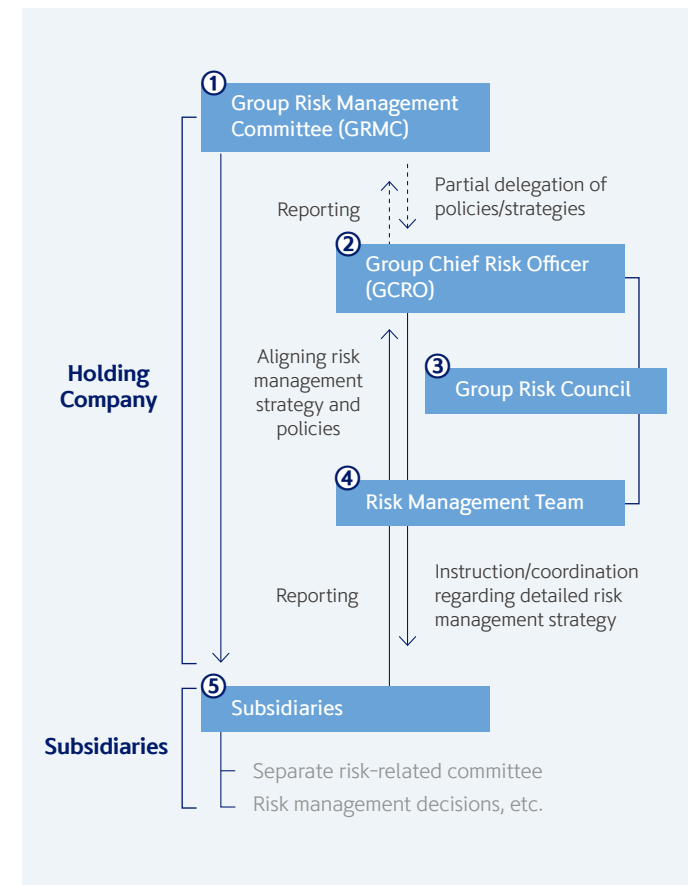
Group Risk Management Council The Council discusses risk policies and strategies of the Group and each subsidiary, and makes decisions on matters necessary to the implementation of policies determined by the Group Risk Management Committee. It is composed of the Group CRO and the CROs of the Group's major subsidiaries. It makes decisions on matters delegated to it by the Group Risk Management Committee and on matters related to the Group's non-retail credit assessment system excluding those subjects to approval from the Financial Supervisory Service. It mainly deliberates and discusses the following:

1. Matters, among those delegated by the Risk Management Committee, recognized by the CRO as requiring deliberation;
2. Matters concerning the operations of the risk measurement systems of the Group and its subsidiaries;
3. Matters concerning Group-level risk management requiring joint deliberation;
4. Matters of risk management relating to financial support for subsidiaries;
5. Matters that require a risk management review under internal governance standards, and where such a review has been requested by the Group Executive Committee; and
6. Other matters deemed necessary and appropriate by the Chairperson.

Group Chief Risk Officer The Group Chief Risk Officer assists the Group Risk Management Committee, implements the risk policies and strategies determined by the Committee, and ensures that they are executed consistently across all of the Group's subsidiaries. In addition, the Group CRO evaluates each subsidiary's CRO, and examines the status of each subsidiary's risk management.

Risk Management Teams The Risk Management Team of the holding company supports the Group CRO. The risk-related committees and dedicated teams within individual subsidiaries implement risk policies and strategies in line with the Group's risk management direction, and report back to the holding company. They are also responsible for managing risks at the subsidiary level, and for making improvements to their risk management systems.

Risk Management Structure



Key Performances in 2019

In 2019, Shinhan Financial Group strengthened its ability to overcome external headwinds through “Advanced and Extended Risk Management Strategy”. It also enhanced its ability as a risk navigator through the innovation of internal risk management structure, made risk management more detailed in areas of future growth, and expanded its risk spectrum to include the non-financial risk management.

In particular, the Group Crisis Management Council was created, and the holding company’s crisis response strategy and control functions were enhanced amidst increasing external uncertainties such as the prolonged US-China trade dispute and Japanese economic sanctions. Group-wide measures were put into place with the goal of reducing risk-weighted assets, and a reasonable growth rate was assumed in order to enhance the Group’s capital efficiency. Aimed at increasing the Group’s capital adequacy ratio, Jeju Bank continued to make progress in its project involving a phased application of the internal ratings-based approach and an impact analysis was undertaken in relation to the new Basel accord, with suitable measures put in place. In addition, the non-financial risk management system has been strengthened, and the impact on the Group of climate change has been analyzed, with response measures then established. An analysis of the status of the Group’s operational risk management systems was also undertaken, and a roadmap for improvement was put in place.

2020 Business Plans

In response to a challenging business environment caused by low growth and low interest rate trends, the continuing US-China trade dispute, increased global protectionism, rising household debt in Korea, virus outbreak, and uncertainties across Europe arising from Brexit, Shinhan Financial Group has established its strategic direction to develop differentiated risk management capabilities to better manage change.

The Group will therefore enhance its crisis-response capabilities and resilience, and strengthen its portfolio management from the perspective of capital efficiency. It will also respond actively to Basel III accord, which has expanded the calculation method for risk-weighted assets to take into account all credit, market and operational risks. Furthermore, the Group will improve risk management for new businesses and overseas subsidiaries, and there will be additional focus on environmental and social risk management, including climate change, in order to support sustainable growth. As part of the Group-wide commitment to the digitalization of risk management, the Group will upgrade its credit assessment models will be upgraded based on big data and digital information, and risk management processes will be made more efficient through the use of digital technologies such as robotic process automation (RPA).

Risk Management Plan for 2020



Ethical Management

Shinhan Financial Group is building trust with its stakeholders through transparent and ethical management, while ensuring that ethical management is a central part of its corporate culture.

Ethical Standards and Principles

The Group has established Shinhan Financial Group Code of Ethics and the Employee Code of Conduct in order to make ethical management part of its corporate culture and to strengthen its employees' commitment to ethics. Online training programs on ethics and compliance are offered to employees at both the Group and subsidiary level. In 2019, the Group posted cases of ethics and compliance management in an entertaining webtoon format, thus helping to build a culture of integrity and encouraging employees to engage in ethical conduct.

Shinhan Bank has designated the second week of each month as the compliance training week. During this week, it publishes a compliance letter and provides training through the Compliance Representatives in each of its departments. In addition, all employees sign a written pledge about practicing ethics, and an internal ethics and compliance inspection program is implemented every month. In 2019, internal regulations to prevent workplace harassment were updated in accordance with an amendment to Korea's Labor Standards Act, and relevant training was provided to all employees.

At Shinhan Card, all employees sign a written pledge concerning the practice of ethics and compliance. The company continuously runs its ethical management practice programs, including internal inspections by each department, self-diagnoses on the observance of laws, and the regular publishing of a web magazine dealing with internal controls. It undertakes a range of ethics and compliance training activities, including strengthening the capabilities of departmental compliance officers, training all employees on the Code of Ethics and compliance with laws, and training to prevent mis-selling and money laundering.

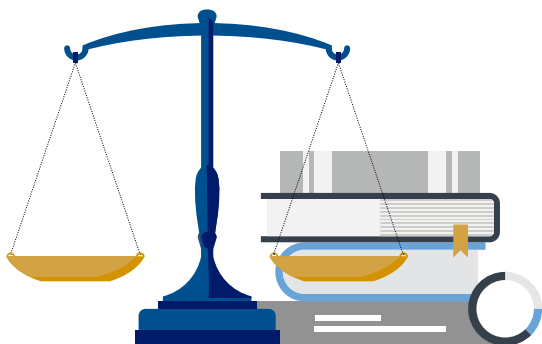
At Shinhan Investment, all employees sign a written pledge on compliance. In addition, in order to build a culture of integrity, there is training across a wide range of related issues, including changes to laws and systems related to finance, major compliance monitoring, and the prevention of financial incidents related to new employees or those taking on new duties. There are also regular branch inspections on ethics and compliance.

Shinhan Life Insurance posts its monthly "Ethics & Compliance Newsletter+" on its internal portal bulletin board, to be shared by all employees and in every sales location. The company also conducts a monthly assessment of ethics and compliance training results. In addition, Shinhan Life Insurance operates an internal control system by channel aimed at eliminating workplace harassment, enhancing the sense of ethics and compliance among employees, ensuring complete sales, putting customers at the center of its sales activities. There is also field training on the prevention of money laundering.

OrangeLife maintains a strict global-level culture of compliance, backed by regular training and monitoring to improve the sense of ethics of its employees and sales organizations. All employees receive ethics and compliance training when they join the company, and then sign a written pledge. In addition, they receive annual training to renew their focus on ethics and compliance, and then reaffirm their pledge.

Ethical Management System

Internal Control System The Group Compliance Officer is in overall charge of Shinhan Financial Group's internal controls and supports its subsidiaries' compliance officers with regards to internal control activities. The holding company Compliance Officer receives regular compliance, internal trading and other reports to ensure that each subsidiary's compliance officer is properly undertaking the required internal control activities, and also conducts annual inspections on subsidiaries and their actual execution of internal controls.





In accordance with the enactment and enforcement of the Act on Corporate Governance of Financial Companies in August 2016, the Group reflects the contents of the Act concerning internal controls¹⁾ in its subsidiaries' internal control regulations and compliance work, and also ensures that the Group's internal control systems are managed consistently and efficiently. In addition, each Group subsidiary has established an Internal Control Committee, chaired by its respective CEO, which annually inspects its internal control systems and operations and reports the results to the BOD.

Whistleblower System As part of its efforts to facilitate the highest levels of internal control programs, Shinhan Financial Group promotes a whistleblower system to prevent and take measures against unethical conduct. In the case of the holding company, internal reports can be submitted through the company homepage, and subsidiary employees can also use such reporting channels.

Each company has also established a whistleblower system. Shinhan Bank runs "Shinhan Guardian", a whistleblower program which can be used by employees, business partners, and customers. With stipulated operational guidelines, the program guarantees the confidentiality and protection of whistleblowers, as well as providing a wide range of reporting channels including website, email, fax, and regular postal mail.

Shinhan Card operates a whistleblower system for its employees and business partners. It has improved accessibility by operating various online and offline reporting channels, including its homepage. It operates the "Cyber Sinmungo" on the company homepage as a channel for whistleblowers to make reports and for voluntary reporting of unfair trade. As part of company-wide efforts to ensure the effective operation of its whistleblower system, anonymity is guaranteed. By having all reports completely anonymous, whistleblowers are protected against potential career and trade-related disadvantages.

Shinhan Investment's whistleblower system allows direct reports to be filed to a full-time auditor through various channels, including the company Intranet, offline meetings, phone, email, and website. All employees receive quarterly reminders about how to use the whistleblower system.

At Shinhan Life Insurance, a reporting window called "Sinmungo" is displayed on the front page of its website. The company has also strived to facilitate the use of its whistleblower system by, for example, diversifying its reporting channels to include the Internet, phone, and postal mail.

The whistleblower system at Orangelife enables direct reports to be made to the compliance officer via postal mail, Intranet, phone, fax, and other channels. It guarantees the full anonymity and confidentiality of reports in order to ensure the complete protection of whistleblowers.

Ethical Management Programs

Anti-money Laundering Activities In 2019, the Financial Action Task Force (FATF), an international anti-money laundering (AML) organization, undertook evaluations on financial companies in Korea, and there was an amendment to the Act on Reporting and Using Specified Financial Transaction Information. Shinhan Financial Group has overhauled its AML system to be in complete compliance with international standards, and it aims to establish market-leading AML obligations and regulations.

Ahead of the FATF evaluation, Shinhan Bank held its own inspections on the operational status, regulations and work processes relating to AML and the prevention of the financing of terrorism. It also made sure that the amendment to the Act has been reflected in all relevant regulations and guidelines. In addition, the Bank has strengthened its suspicious transaction report (STR) and cash transaction report (CTR) processes in accordance with the Korea Financial Intelligence Unit's guidelines, and improved its quality of reporting by centralizing the branch compliance officers' STR work. With regards to economic sanctions, the Bank manages related risks by running AML training programs, and by establishing policy guidelines and sharing them with all relevant business departments and branches located across the globe. In addition, the regulations and guidelines of its overseas operations are subject to timely amendments to meet the respective requirements of the local supervisory agencies and overall global standards.

Shinhan Card improved its AML system in 2019, and thus strengthened the overall AML management, including confirmation of customer identity and transaction monitoring. It also provided AML training to all employees, including the BOD, and increased the number of personnel dedicated to AML activities.

Shinhan Investment runs a risk-based approach system which identifies, analyzes, and evaluates risks related to money laundering and the financing of terrorism. The company has also strengthened AML at its overseas subsidiaries by developing a more detailed checklist and amending relevant guidelines. In addition, it provides AML training targeted for each specific job group, and has distributed training materials to enhance the efficiency of its AML-related operations.

¹⁾ Whistleblower system, mandatory leave system, system on for the separation of duties for high-risk clerical employees, establishment of processes for developing and selling new products, branch self-inspection system, etc.



Shinhan Investment won the Prime Minister's Commendation at the Korea Financial Intelligence Unit's "13th Day of Anti-Money Laundering"

Shinhan Life Insurance has completed a project to improve its AML risk evaluation through a preemptive identification of AML risk. Procedural improvements have been made in relation to the evaluation of AML risk factors, and such risk factors are now identified and analyzed annually at headquarters department and branch level.

OrangeLife makes constant and strenuous efforts to ensure that the company and its insurance products are not used for money laundering by applying AML prevention and risk evaluation standards and methodologies which meet all global standards. As a result, it achieved outstanding scores in AML evaluations by the Korea Financial Intelligence Unit from 2015 through to 2018.

Trainings on Preventing Employee Misconduct Shinhan Financial Group has upgraded its training on preventing employee misconduct in order to ensure compliance with all regulations related to fair, transparent and ethical financial tradings. Annual training concerning fair trade is provided at the Group level to all employees working at the internal control departments of Group subsidiaries, so that all relevant regulations are fully understood and implemented, thereby preventing any violations.

At the subsidiary level, Shinhan Bank examines all declarations regarding the ownership of financial products and financial trading in order to prevent unfair financial tradings such as the use of non-public information. Additional training is provided to departments with an inherently higher likelihood of having access to undisclosed information. Shinhan Card has stipulated rules on the prohibition of the use of material non-public information, and regularly monitors whether there has been any unfair financial trading by examining reports on the sales of financial investment products. It also gives regular training to departments with an inherently higher probability of accessing undisclosed information. Shinhan Investment has established guidelines on the prevention of market abuses, and gives regular training to its employees. The company also actively monitors fair trade in order to identify and take measures against unlawful or unethical and manipulative transactions.

Shinhan Life Insurance undertakes a wide range of measures to prevent any conflict of interest between its special accounts department, which is responsible for managing customer assets, and the departments which manage the company's own assets. Such measures include examining the opening of any financial investment product account by any employee involved in asset management, detailed reporting on in-house trading, examining communications and meetings between asset management departments, and verification of information exchange. The company also examines its financial product trade accounts and provides information about the systems relating to the prevention of employee misconduct on a quarterly basis. In addition, it conducts inspections of financial incidents at headquarters and in the field and then shares the results with all relevant employees with the goal of preventing trading using non-public information.

OrangeLife has established standards on the trading of financial investment products by its employees, in an effort to prevent the possibility of any conflict of interest with customers or any other unfair conduct, such as the use of undisclosed information. Employees in the asset management department, or other employees who are in a position to obtain material non-public information, must comply with strict procedures for even their own personal investments.



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ESG MANAGEMENT

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Fundamentals

Compassionate Finance, Your Companion for the Future

“Compassionate Finance” involves creating a virtuous win-win cycle through which the values of Shinhan, its customers, and wider society grow together. This is also the basis of the Group’s environmental, social, and governance (ESG) strategy. Shinhan Financial Group is managing ESG to pursue sustainable growth based on a commitment to benefiting the world through finance.

ESG Overview

Companies thrive by providing society with the support it needs to grow strongly and continually, which is why Shinhan Financial Group has pursued sustainable growth in partnership with society since the early days of its founding. In 2005, Shinhan Bank became the first company in the Korean financial industry to publish a Corporate Social Responsibility (CSR) Report, thus demonstrating its determination to be a leader in practicing responsible finance. Building on that, Shinhan Financial Group became the first Korean financial group to publish a Group-level CSR report in 2009.

As an active member of the international community’s efforts towards sustainable development, Shinhan Financial Group supports major global sustainable management initiatives. Shinhan Bank and Shinhan BNP Paribas Asset Management have become official signatories of the Carbon Disclosure Project (CDP) since 2007 and 2008, respectively. It was expanded into the Group level, and since 2009, the Group and its subsidiaries have been working together to take joint measures in relation to CDP, such as reporting environmental information and setting out their short- and long-term environmental strategies regarding greenhouse gas emissions. In 2019, the Group won a “Leadership A” rating at the CDP evaluation, thus being selected as a member of the “Carbon Management Honors Club” that is reserved for the top five companies in Korea. As this was the fifth consecutive year for the Group to be included in the membership, it became the first financial company to enter the “Hall of Fame”.

ESG Milestones

2005

- Shinhan Bank released its CSR report (the first of its kind from a financial company)

2008

Joined the UN Global Compact and the UNEP FI

2009

- Shinhan Financial Group released its CSR report (the first of its kind from a financial group)

2010

- The Group established a Green Management System



2011

- Enunciated the Group mission, “Compassionate Finance”



2012

- Obtained ISO 50001

2013

Included in the DJSI World, Global 100 Most Sustainable Corporations in the World



ESG Trend



2009

- The sustainable management exchange initiative was launched

2010

- The ISO 26000 was announced
- UK adopted the stewardship code
- The Framework Act on Low Carbon, Green Growth was enacted in Korea

2011

- Global Reporting Initiative (GRI) released the G3.1 Guidelines



In an effort to take active participation in global movement towards sustainable finance, the Group has been a member of the United Nations Environment Programme Finance Initiative (UNEP FI) since 2008. It joined the UN Global Compact in the same year, and has undertaken activities ever since to ensure its compliance with the ten principles on human rights, labor, the environment, and anti-corruption.

Shinhan Bank first participated in the Dow Jones Sustainability Index (DJSI) evaluation in 2009, and was included in the Asia Pacific index and ranked first in the Korean banking sector. In 2013, the Group became the first Korean financial group to be included in the DJSI World Index, and has been included for seven consecutive years since then.

Based on these achievements, in 2014 Shinhan Financial Group established its "9 CSR Strategies" so that it could put sustainable management into practice more systematically, and present its CSR goals and direction more clearly. In 2015, the Group newly established the CSR Committee as a sub-committee of the BOD to ensure reasonable and objective decision-making and efficient execution in relation to CSR. The CSR Committee is comprised of no more than five directors, including the Group CEO, and is in charge of setting the direction of the Group's CSR-related activities, and deciding on relevant standards and policies.

In December 2017, Shinhan BNP Paribas Asset Management adopted the stewardship code to enhance the mid- to long-term value and sustainable growth of companies in which it invests. In September 2018, the Group became the first in Korea to offer support for the Task Force on Recommended Climate-Related Financial Disclosures. Shinhan Financial Group will continue its efforts to enhance the transparency of its climate-related disclosures, and it will continue to actively communicate its commitments to incorporating climate change within the Group, including its governance, strategy, and risk management.



2014

- Established the Group CSR Strategy
- Announced the "Compassionate Finance, Your Companion for the Future" mission

2015

- Installed the CSR Committee (under the BOD)



2016

- Obtained ISO 14001 (Bank)

2017

- Established the 2020 CSR Strategy
- Introduced the Stewardship Code (Asset Management)

2018

- Outlined the ECO Transformation 20-20 plan
- Became a TCFD Supporter



2019

- Endorsed UN PRB
- Participated in the Sustainable Climate Finance Study Group (by FSS)
- Included in the Bloomberg Gender Equality Index
- Introduced the Stewardship Code (Life Insurance)
- Obtained ISO 14001 (Card, Investment, Life Insurance, Capital)

2014

- Japan adopted the stewardship code



2015

- The National Pension Act was revised in Korea
- The UN Sustainable Development Goals (SDGs) were launched
- The Paris Agreement was adopted

2016

- Korea adopted the stewardship code



2017

- The Task Force on Climate-related Financial Disclosures (TCFD) recommendations were announced

2018

- An IPCC Special Report on the impacts of global warming of 1.5°C was published

2019

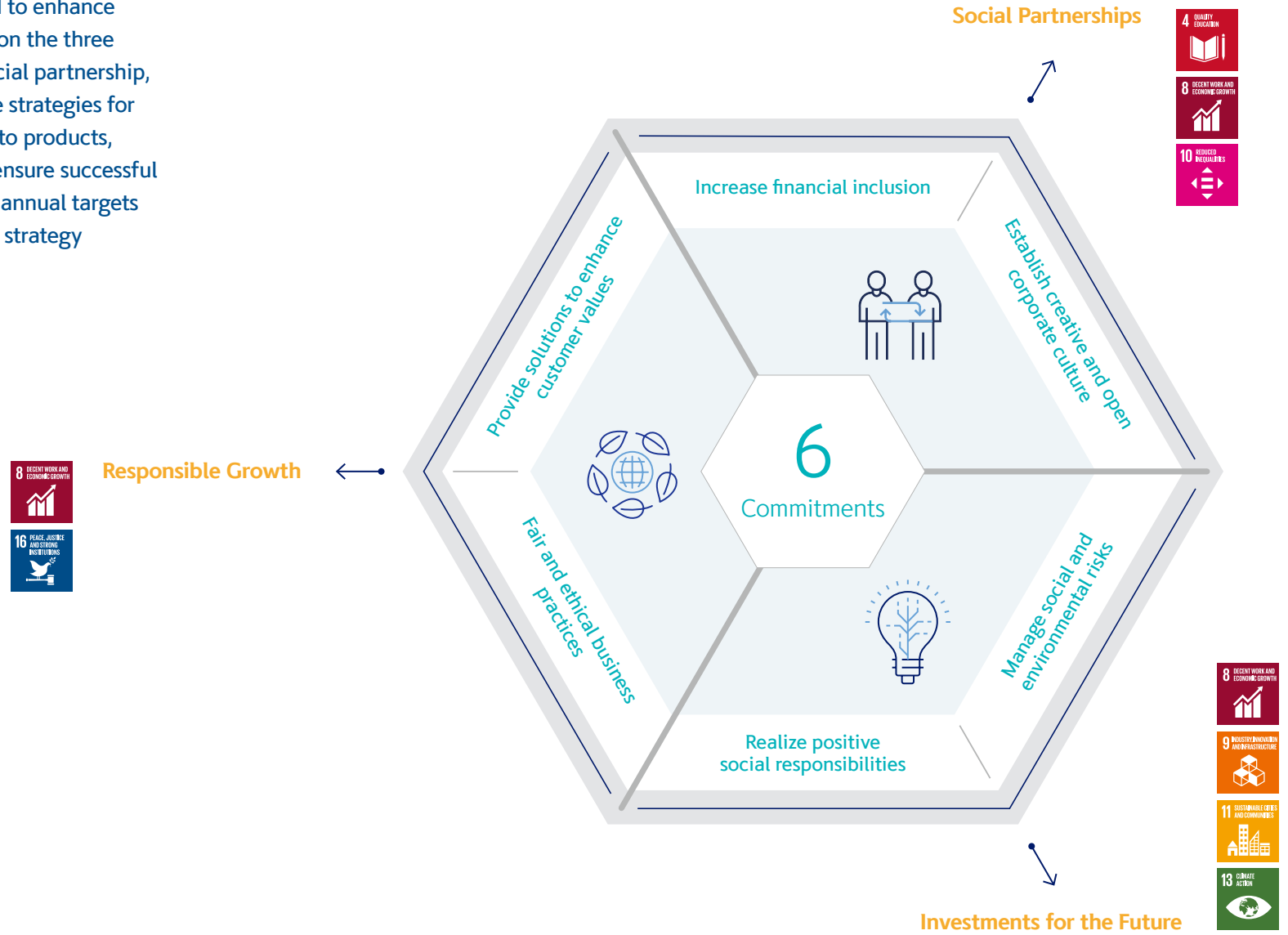
- United Nations Principles for Responsible Banking (UN PRB) were launched
- Financial Supervisory Service launched the Sustainable Climate Finance Study Group



ESG Strategy

Shinhan Financial Group has established the 2020 CSR Strategy in order to be a leader in responding to social and environmental changes, and to enhance value for all of its stakeholders. Based on the three major pillars of responsible growth, social partnership, and investments for the future, six core strategies for creating mid-term shared-value apply to products, services, and overall management. To ensure successful implementation of the core strategies, annual targets are set for ten strategic indicators, and strategy execution is monitored in detail.

2020 CSR Strategy





Key Performances in 2019

Official Signatory of the UN PRB Shinhan Financial Group, joined with 130 financial companies across the globe, declared its commitment to implementing the Principles for Responsible Banking (PRB) at the launch ceremony held at UN Headquarters in New York in September, 2019. The UN PRB is an international agreement which specifies the roles and responsibilities of the financial industry as part of the movement towards a sustainable future, and is aligned with the Paris Climate Agreement and UN Sustainable Development Goals (SDGs). As a member of the Core Group, which consists of 30 global financial companies, the Group has been taking the lead in drafting the Principles since March 2018, thus demonstrating its commitment to setting new global standards for sustainable and responsible finance. Shinhan Financial Group will continue to expand the scope of its sustainable finance, including innovation finance, inclusive finance, and support for start-up ventures and renewable energy infrastructure, and will continue to play a pivotal role in creating a better tomorrow through finance.

Establishing a System for Sustainable Management In order to ensure that its Group-level management systems give the highest priority to sustainable finance, Shinhan Financial Group has created executive and working-level group councils in support of the CSR Committee, which is a sub-committee of the BOD. To this end, the Group has appointed a Group Chief Sustainability Officer (CSO) who directs, supervises and supports the implementation of the Group-level sustainable management. Each subsidiary also has appointed its own CSOs to overlook company-specific ESG activities. Both the Group CSO and subsidiary CSOs have their own ESG teams under their supervision. These teams formulate detailed execution plans and stipulate functions and roles related to the implementation of those plans. In addition, the Group Sustainable Management Council, consisting of the Group CSO and subsidiary's CSOs, monitors the execution of tasks relating to sustainable management and shares performance details biannually. Under the Council is a working-level council comprised of related teams within the Group. This council is responsible for establishing and executing ESG-related tasks in detail.

Key ESG Indicators

6 COMMITMENTS	10 STRATEGIC INDICATORS	4-YEAR PLAN	2019 GOALS	2019 RESULTS	WHETHER ACHIEVED OR NOT
Provide solutions to enhance customer values	Customer satisfaction index	0.2 points increase per year	94.0 points	94.4 points	○
	Popularity of digital financing services	Increase to 72.2%	70.2%	72.0%	○
	Number of participants in financial literacy courses	One million participants (accumulated figure from 2012)	879,000	943,023	○
Fair and ethical business practices	Number of employees taking ethical behavior training and signing pledge of ethical behavior	98% of employees	98%	99%	○
Increase financial inclusiveness	Financial support for low-income people	KRW 6.3 trillion	KRW 1.61 trillion	KRW 2.3 trillion	○
	Support for the creation of startup ecosystem	KRW 6.6 trillion	KRW 1.7 trillion	KRW 2.6 trillion	○
Establish creative and open corporate culture	Employee trainings	100 hours per person	100 hours	100 hours	○
	Participation rate in smart work system	More than 65%	60%	72.8%	○
Carry out corporate social responsibilities	Investments in and loans for eco-friendly industries	KRW 20 trillion from 2017 to 2030	KRW 250 billion	KRW 1.8 trillion (KRW 18.6 trillion accumulated from 2017)	○
Manage environmental and societal risks	GHG emissions	Reduce by 20% from 2012 to 2030	102,997 tCO ₂ eq	89,967 tCO ₂ eq	○

Sustainable Climate Finance Study Group The Korean financial authorities and the financial sector have been working together to understand climate-related risk as a risk factor within financial systems, and to formulate appropriate responses. In May 2019, a working-level meeting was held for officials from financial holding companies, banks, insurance companies, and the Korea Stock Exchange. In June, there was a meeting of more senior officials from the financial sector to study sustainable climate finance. Not only signatories of UNEP FI, GCF, and other international organizations, but also working-level officials from major Korean financial institutions and researchers from universities and research institutes who are committed to formulating responses to climate change come together once a month to undertake studies on various themes related to climate finance. Based on the results of these studies, the first climate finance-related research book for the financial sector in Korea was published. Shinhan Financial Group hosted presentations on Task Force on Climate-related Financial Disclosures (TCFD) recommendations and sustainable climate finance, and thus contributed to improving Korean financial industry's ability to respond to climate change.

7&11
consecutive years

Included in *DJSI World* and *DJSI Asia Pacific-Korea* for 7 and 11 consecutive years, respectively



5
consecutive years

Selected as a member of the *Carbon Management Honors Club* for 5 consecutive years by winning a *Leadership A* rating, and entered the Hall of Fame

A rating

Received A rating and/or higher at the ESG assessment by *Korea Corporate Governance Service* for 5 consecutive years



AA

Received a *MSCI ESG* rating of AA for 4 consecutive years



43rd

Included in *Global 100* for 8 consecutive years, and ranked 43rd in the world and 2nd in Asia



Environment

Shinhan Financial Group has set out its eco-friendly management vision of “ECO Transformation 20-20”, and is making Group-wide efforts to respond to climate change and the shift to a low-carbon economy.

ECO Transformation 20-20

Shinhan Financial Group has established “ECO Transformation 20-20” as its mid-term vision for eco-friendly management, with a focus on three major directions – leading the low-carbon financial market, spreading eco-friendly culture, and strengthening environmental leadership and partnerships. To this end, the Group pledges to invest and support KRW 20 trillion in green industries by 2030, and will also reduce its greenhouse gas (GHG) emissions by 20%.

3 Major Directions

1. Lead the Low-carbon Financial Market The Group will lead the low-carbon financial market by increasing the amount of investments and loans to new and renewable, high-efficiency energy-related industries, companies, and projects. It will also expand its involvement in ESG funds, green bonds, and projects related to eco-friendly buildings. In 2019, Shinhan Financial Group issued USD 500 million in sustainable bonds, and became the first Korean financial holding company to issue such bonds. Shinhan Bank issued USD 400 million in sustainable bonds and EUR 500 million in green bonds, while Shinhan Card issued KRW 100 billion in sustainable bonds.

The Group also plans to develop a number of eco-friendly financial products, including deposit and installment savings accounts, credit cards, insurance, and funds. In 2019, the Group released the “Deep Eco Card” that provides services connected to eco-friendly activities, such as the automatic donation of eco-friendly points and the use of shared mobility, thereby promoting eco-friendly consumption. It is currently expanding eco-friendly business activities, including paperless financial services, and will continue to strengthen its environmental and social risk management systems so that it can analyze, evaluate and manage the environmental and social impact of companies offering financial services.

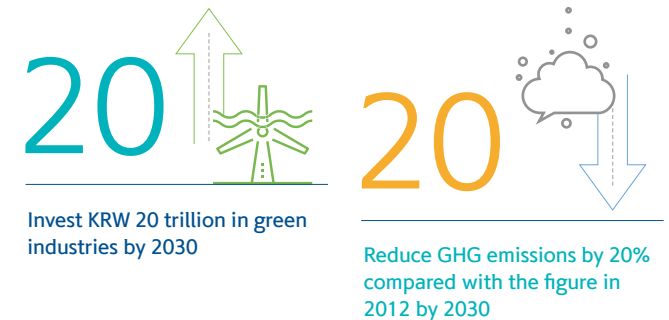
2. Spread Eco-friendly Culture The Group will spread eco-friendly culture by using more electric vehicles (EV) for business purposes, building an EV-charging infrastructure, and making its facilities more energy efficient. It also takes an active part in reducing the use of disposable products and promoting recycling, thus protecting natural resources.

3. Strengthen Environmental Leadership and Partnerships

Shinhan Financial Group is a member of a new and renewable energy initiative being proposed by the National Assembly’s Renewable Energy Forum and six NGOs. This initiative was launched in order to create a renewable energy power procurement system which separates the purchasing of renewable energy, such as photovoltaic and wind power, from other sources of power generation. The Group is both increasing choice in energy consumption for companies and facilitating the increased voluntary use of renewable energy by contributing to the effective design for this system, and by drawing a roadmap for increasing the use of renewable energy in Korea.

SFG’s Action Principles towards Climate Change

In 2019, Shinhan Financial Group became the first company in Korea to establish the Action Principles towards Climate Change at the Group level. It has also presented its Five Major Principles for Climate Action as part of the global community’s efforts to limit the rise in the Earth’s temperature to no more than 1.5°C above pre-industrial levels. By implementing these principles, the Group will manage the environmental and social risks inherent in financial support projects, and will increase its support for the low-carbon economy.





Society

The Group puts into practice “Compassionate Finance” to benefit the world through finance. The Group delivers hope to local communities, and promotes respect, dignity, and equality in the workplace, thereby creating sustainable value.

Society of Hope Project

The Society of Hope Project is a Group-level social contribution project launched in 2018 in order to put into practice Shinhan Financial Group’s mission of “Compassionate Finance, Your Companion for the Future”. Its goal is to build a new social contribution system structured at the Group level, thus eliminating overlap at the subsidiary level. Under this project, the Group will invest KRW 270 billion in total from 2018 to 2020, which equals KRW 90 billion spent annually, to promote and create sustainable social, future, economic values, thus enabling it to deliver new hope to society and bring about positive changes. In 2019, the Group focused on scaling-up its CSR programs with the aim of building a society of hope in which everyone can lead a happy life.

Key Performances in 2019

Scaling-up Social Value Shinhan Financial Group is supporting the financially underprivileged by providing a total of KRW 30 billion over three years into its financial recovery program for people with low credit ratings and those facing income crevasse. Through this program, the Group provides a training participation allowance of up to KRW 1.8 million per person so that trainees can focus on the vocational training offered by the Ministry of Employment and Labor. In 2019, the Group provided

training participation allowances to 4,433 persons¹⁾, resulting in an average improvement in personal credit rating of 1.0, and 602 participants¹⁾ successfully finding a job. In January 2018, the Group signed an MOU with the Ministry of Gender Equality and Family to support women who are financially underprivileged and experiencing disruptions in their careers. In 2019, the Group provided allowances to 2,376 women, and 1,610 participants²⁾ were successful in finding employment.

In January 2019, the Group signed an MOU with the Korea Student Aid Foundation, Korea Credit Bureau, and CrePASS Solutions, for a youth debt total care project. This project supports young people who are earning below average monthly salary³⁾, and are facing financial difficulties caused by paying back tuition loans, helping them to overcome income crevasse. Through this project, the Group has provided support funds, credit rating mentoring, and other help to 300 young people over a period of nine months, resulting to 257 people improving their credit rating by an average of 1.0.

The “Shinhan Dream Dodamteo” is a childcare center program run in partnership with the Ministry of Gender Equality and the Family and the Kids & Future Foundation. There is a total of 76 centers in operation, with 34 centers newly established in 2019. This project is helping to create a work-life balance, and making it easier for parents to both work and raise their children. The Group is also working together with the Community Chest of Korea and Good Neighbors to carry out a project which assists families in crisis, provides financial support to underprivileged people who are not receiving welfare benefits, and rewards social heroes who help families in crisis. This Group provided support to some 3,300 people from 1,050 households in 2019, and rewarded 10 heroes of hope.

¹⁾ Cumulatively, support has been provided to 6,658 people, with 1,574 successfully finding work

²⁾ Cumulatively, support has been provided to 6,826 women, with 4,502 successfully finding work

³⁾ Those who are earning less than KRW 2.04 million



Scaling-up Future Value In 2019, Shinhan Financial Group signed an MOU with Hankuk University of Foreign Studies and KOTRA to run the “Global Young Challenger” program to support overseas employment for young people. It offers a new social solution for the youth unemployment issue by using each organization’s expertise, training and networks to increase the global capabilities of young people, and to offer help in employment matching. 98 young people were selected in 2019, and then given domestic and overseas training opportunities, resulting in successful entry into employment for 80.6% of the participants.

“The School of Hope SW Class” is a special-education school program newly launched in 2019 following a pilot program in 2018. This program, which is based on an MOU with the Ministry of Education, aims to reduce the digital gap for the disabled. In 2019, software classes were provided to 485 disabled students at 13 schools across the nation. In addition, SW Camp was held to provide fun coding education to disabled students and their families, and some were trained as software specialists.

2019 marked the 100th anniversary of the March First Movement, and the establishment of a provisional Korean Government at a time of Japanese colonial rule. In celebration, the Group collaborated with MBC, one of the top broadcasting channels in Korea, to produce and broadcast a special documentary program entitled ‘Returning Home after a Hundred Years’, telling the stories of independence activists who were not able to return to their liberated homeland, and also sharing the stories of their descendants. The program recorded a viewer rating of around 2%, and was followed by a special photo exhibition and an “Independence Dishes Restaurant” project which enabled citizens to experience the diet of independence activists. Open for a month, more than 6,000 people visited the restaurant, and their experiences were shared more than 10,000 times on social media. Many media covered the story on the Restaurant, applauding Shinhan’s creative efforts to help citizens understand the Korean nation’s history.



Financially underprivileged

Leverage Shinhan’s strength – financial business

- Recovery program for people with low credit ratings; “Youth debt total care project”
- Recovery program for women experiencing disruptions in their careers
- Program to support the self-employed
- Increase access to childcare facilities – “Shinhan Dream Dodamteo”

Alignment with UN SDGs



Employment

Solve social issues

- Program to support overseas employment for young people
- Job-matching program for the local community, and facilitation of the social economy
- Job support program for retired seniors

Alignment with UN SDGs



CSR Synergy

Expanding the scope of CSR

- School of Hope SW Class
- Program that help local communities solve their problems
- New projects that support social enterprises and start-ups, and Global CSR activities

Alignment with UN SDGs



Scaling-up Economic Value Shinhan Financial Group began investing in social enterprise funds at the end of 2018, in order to support the growth of social enterprises and to promote the social economic ecosystem. Priority is given in investment decision-making to the social value of social enterprises, preliminary social enterprises, companies committed to becoming social enterprises, and impact companies which support the UN SDGs. The goal of this program is to support companies which can have a positive influence on society. A group of institutions, including Shinhan Financial Group, Group Hope Foundation, SK Group, made a concerted commitment to invest KRW 20 billion in total to such social enterprises, and have already completed investments in seven companies in 2019.

Plans for 2020

2020 will be a significant year for Shinhan Financial Group, bringing to an end the three-year “Society of Hope Project” and preparing for another leap forward. The Group has therefore established “sustainability” as the keyword for the Society of Hope Project in 2020. It will use the strengths of Shinhan to deliver greater hope to society by supporting the financially underprivileged, protecting those who are facing difficulties, and pioneering new ways to bring positive impacts to society.

In particular, the Group will provide a wide range of support with regards to education and employment, and financial independence. Such efforts are aimed to give hope to the financially underprivileged, including those with low credit ratings or experiencing disruptions in their careers, and people in a financial crisis, so that they can be happier and more integrated members of society. The Group will address major matters of social interest, including the social economy, start-ups, and the empowerment of local communities. The Group will also implement job programs to help tackle employment issues, including youth unemployment. It will continue to look for any crevasses in social welfare, and develop them into Shinhan's unique social contribution programs by making full use of Shinhan's "CSR Synergy". The Group will use its CSR activities to win people's hearts in the global market and local communities, and thus achieve sustainable growth.

Fostering Female Talent

In 2018, Shinhan Financial Group established the R.O.S.E Principles, as part of its Group Management Leader Training System, to foster female talent within the Group and to expand its female talent pool. The "R" in "R.O.S.E." stands for relationship – strengthening relationships; "O" is for opportunity – increased opportunities for women; "S" is for segmentation – the segmenting and targeting of every job position; and "E" stands for environment – the establishment of a gender-neutral work environment.

In addition, the Group launched the Shinhan "SHeroes", a program to foster female leaders, and chose 27 outstanding female staff members to be the first group of Shinhan SHeroes in 2018. A Group-level "SHeroes mentoring" was included in the program to present a vision of the positive future for female leaders within the Group, as well as a range of activities to support female staff, including networking among female leaders and proactive support for the development of female leadership from a gender equality perspective.

Key Performances in 2019

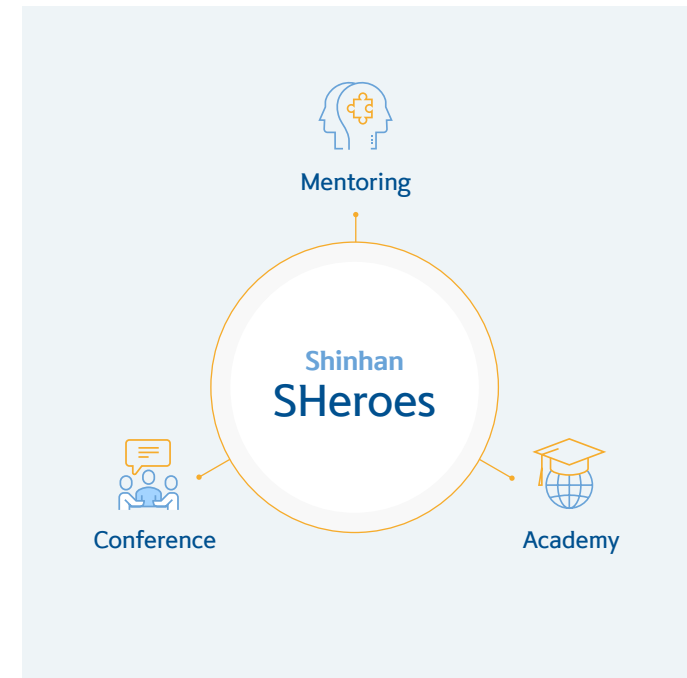
In 2019, the second year of Shinhan "SHeroes", the scale of the program was expanded to include 49 women from eight subsidiaries – Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan BNP Paribas Asset Management, Shinhan Capital, Shinhan Savings Bank, Shinhan DS, and Shinhan Credit Information. The list of mentors was also diversified to include both outside experts and in-house mentors who successfully graduated from Shinhan "SHeroes" program in the year before.

The second group of Shinhan "SHeroes" also benefitted from the Shinhan "SHeroes Academy", created to foster female talent in a more systematic way. Participants were given the opportunity not only to learn from renowned lecturers, but also to network and share their experiences.

The Shinhan "SHeroes Conference", attended by around 200 female leaders, was the venue to review the year's activities in supporting female leaders, and to spread positive influence. Participants of the 2nd Shinhan "SHeroes" prepared and shared presentations on a range of themes drawn from the perspective of the R.O.S.E principles, including "How to help female leaders to develop their careers and expand their networks", "A sustainable future for Shinhan through the expansion of opportunities for female employees", and "The roles of female leaders in the era of the digital revolution".

As a result of these efforts, the Group was able to appoint an additional female executive in early 2019, ahead of the expected schedule. The Group has also won recognition for its Group-level commitment towards the fostering of female leaders and its support for work-life balance, and thus became the first company in Korea to be included in the Bloomberg Gender-Equality Index (GEI). Inclusion in the Bloomberg GEI means that the Group has been selected as one of the 230 outstanding gender-equality companies from 36 countries across the globe.

2019 Shinhan SHeroes



Plans for 2020

Shinhan Financial Group will continue to improve the Shinhan SHeroes program in 2020, making both quantitative and qualitative advances. The mentoring program, the academy, and the conference will operate once again this year, and the Group will examine its annual activities and conduct monitoring. It will increase the number of female staff members chosen to be Shinhan "SHeroes", and will also operate training and other programs in order to create a pool of management-level female talent who can become leaders in each Group subsidiary. The Group will also help with systematic career development plan management, and improved team-level mentoring and trainings to provide practical support in the development of female leaders.



Governance

The Group has established a governance structure which reflects its milestones and organizational culture, while also ensuring transparency, soundness, and stability, in order to achieve long-term growth and protect the interests of all its stakeholders.

Principles of Governance Structure

Shinhan Financial Group has established a governance structure and principles that promote the interests of shareholders, protect the rights of stakeholders, enhance corporate value, and achieve sustainable growth. Thanks to its commitment to these principles and policies, the Group runs its business ethically and with a sense of responsibility. Such outstanding corporate governance has garnered outside recognition. For example, in the ESG assessment carried out by the Korea Corporate Governance Service (KCGS), the Group has received an integrated assessment rating of A+ for five consecutive years since 2015, and obtained an S rating in the governance category in 2017. The Group continued to receive the highest-possible rating even when more demanding assessment model was applied to financial institutions beginning in 2018.

Transparent Governance Structure

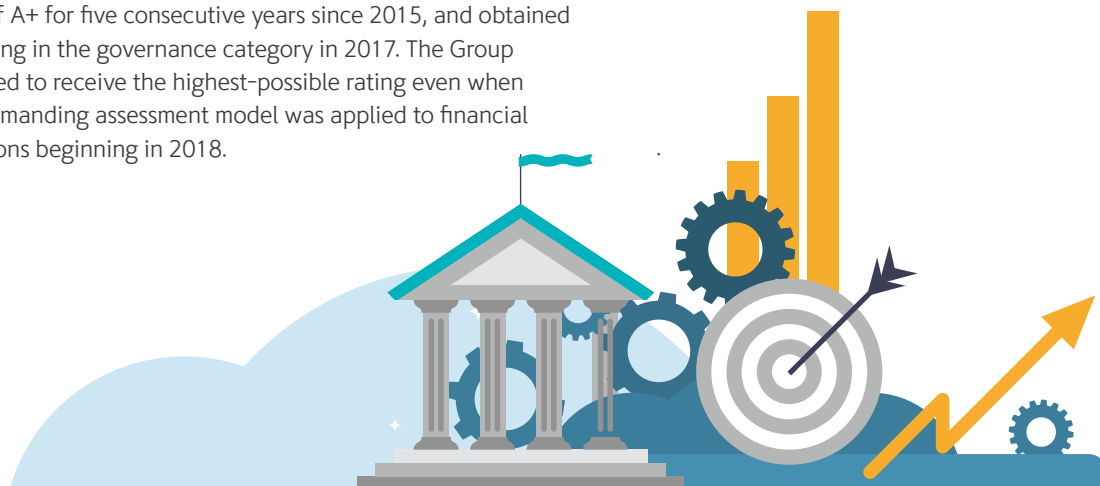
Shinhan Financial Group actively discloses its governance-related standards, procedures, and outcomes to ensure transparent corporate governance. It shares corporate governance-related matters related to corporate governance with all stakeholders by publishing an annual corporate governance report and then disclosing it on the company website and submitting to the Korea Federation of Banks, 20 days prior to the general shareholders' meeting. In addition, the Group helps its stakeholders understand operational practices concerning corporate governance by disclosing the full text of its internal corporate governance regulations in the annual corporate governance report. These include the Articles of Incorporation, BOD regulations, and the regulations of each sub-committee of the BOD. It is particularly noteworthy that the Group uses a cumulative voting methodology in order to protect the rights of minority shareholders at general shareholders' meetings, and uses both an electronic voting system and a system enabling shareholders to vote in writing in order to actively guarantee shareholder voting rights. The Group also offers fair and timely information at general shareholders' meetings by providing real-time video streaming.

Sound Governance Structure

Shinhan Financial Group has formed a Board of Directors equipped with the independence and expertise necessary to maintain sound corporate governance. It faithfully abides by all laws, including the Commercial Act and the Act on Corporate Governance of Financial Companies, and all internal regulations, including the Articles of Incorporation, the code of corporate governance, and the regulations of the BOD. In addition, all recommendations in relation to BODs stipulated in the Act on Corporate Governance of Financial Companies and the KCGS Corporate Governance Code are reflected in the Group's corporate governance, and strictly observed.

Stable Governance Structure

Shinhan Financial Group is committed to maintaining stability in its corporate governance on principles of checks and balances amongst its members. It therefore separately delegates corporate decision-making and the execution of work to the BOD and company management respectively, and management is required to report on the status of its work to the BOD. In addition, the Group strongly supports BOD involvement by its independent directors by ensuring that independent directors account for the majority of members of all sub-committees of the Board of Directors. To ensure that the BOD is effective in holding management in check, the Group has assigned the BOD the right to appoint and dismiss the CEO, who is an executive director, and any other members of the management who are not directors. The Group has also assigned to independent directors the right to require relevant materials and external advisory services, and obliges the company to provide such information to the independent directors. It also ensures stability and continuity in corporate governance by guaranteeing each independent director's term of service within the extent permitted by external laws and internal regulations, when that independent director has been proven to perform his duties to the highest levels.





In addition, the Board Steering Committee, which is in charge of running the BOD and evaluating independent directors, must always include one executive director in order to prevent independent directors from appointing each other without enough supervision. Independent directors who are candidates to be reappointed to the BOD cannot be members of the Independent Director Recommendation Committee, except in cases where there is an inefficiency in the composition of the Committee. The CEO must be aged seventy years or less, ensuring an efficient BOD and effective management succession.

Diversity and Expertise of the BOD

Shinhan Financial Group specifies the principle of diversity in the composition of the BOD in its internal code of corporate governance, so that Board members do not all share a common background or represent certain interests. Moreover, it uses a Board Skill Matrix to confirm diversity and expertise of the Board members. They also have a wide range of expertise, which prevents the BOD from leaning too much towards a specific background or occupational group. The independent members of the BOD evenly represent the six sectors stipulated as required expertise in the Act on Corporate Governance of Financial Companies, specifically finance, business administration, economics, legal affairs, accounting, and information technology.

Shinhan Financial Group selects independent director candidates by receiving recommendations through a diverse range of channels, including from shareholders, the Independent Director Recommendation Committee, and outside agencies. By operating a system which invites shareholders to recommend candidates as independent directors, the Group receives recommendations for candidates who are fully committed to independently representing shareholder value, but also enables shareholders to participate in management. In addition, the BOD currently has independent directors of three different nationalities – South Korean, Japanese, and French – and from four countries where the Group has major business operations – South Korea, Japan, Singapore, and Hong Kong – which gives the BOD a truly global perspective. The Group also strives to increase the number of women among its candidates to be independent directors, and ensures that the candidate group represents diversity in experience, background, and age, while factors that could restrict diversity, such as race, ethnicity, and religion are strictly taken out of the consideration for the candidacy. This is helping the Group in its efforts to abide faithfully by the principle of diversity in the composition of its BOD.

Governance Structure that Reflects the Group's Growth Paths

Shinhan Financial Group originates from Shinhan Bank, which was launched in July 1982 with 341 Korean-Japanese shareholders making a 100% equity investment of paid-in capital of KRW 25.9 billion. This was the first bank in Korea to be funded exclusively with private capital. These shareholders provided the foundations which enabled Shinhan Bank to grow from a small financial company with only three branches at the time of its establishment to a leading financial group in Korea, and they have provided wholehearted support as shareholders of the Group since its founding. They have continued to help with the Group's development, including the 'Campaign for Holding Shinhan Shares' despite a sharp drop in the share price during the Asian financial crisis. Thanks to the trust of its Korean-Japanese shareholders, the Group has continued its stable development guided by management who are not only financial experts, but who also have an in-depth understanding of the Shinhan culture from the time of its founding.

Launched in 2001 as the first private sector financial holding company in Korea, Shinhan Financial Group has built foundations for further growth by establishing a strategic alliance with BNP Paribas Group. In 2019, the Group attracted an investment from IMM PE, thus developing cooperation with a wide range of shareholders and creating a virtuous cycle of win-win through which the Group's growth leads to the enhancement of shareholder value. In order to incorporate these new growth paths as well as its unique organizational culture into its corporate governance, the Group's BOD consists of Korean-Japanese independent directors who are management experts and represent the founding spirit of Shinhan, and also directors who are financial experts and have been recommended by BNP Paribas and IMM PE.

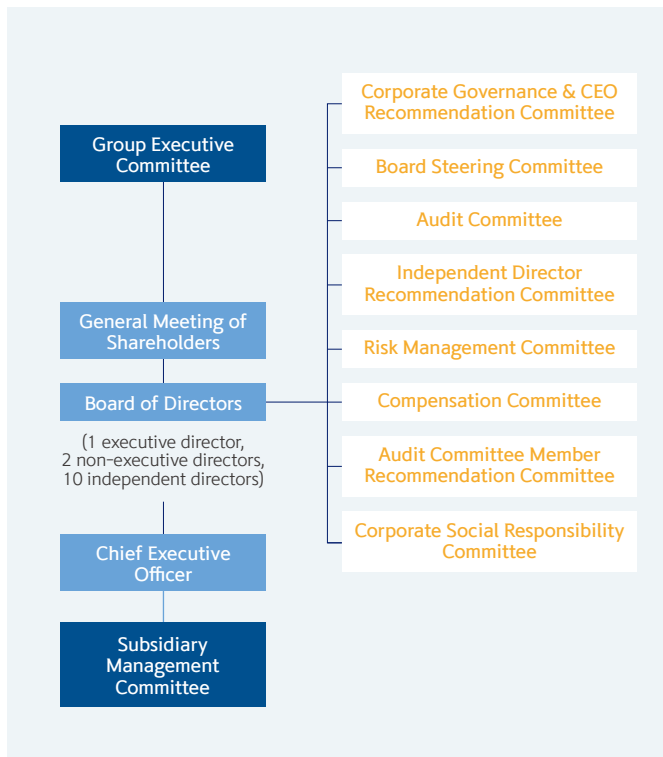
Features of Governance Structure

As the company's top-level standing decision-making body, Shinhan Financial Group's BOD is vested with the authority to appoint and dismiss the CEO, and mainly consists of independent directors. As of the end of March, 2020, reflecting the results from the 19th Annual General Meeting of Shareholders, the BOD comprises a total 13 members, of which 10 are independent directors. Since March 2010, it has been regulated that an independent director serves as the BOD Chairperson.

There are a total eight BOD sub-committees – the Independent Director Recommendation Committee, Corporate Governance & CEO Recommendation Committee, Audit Committee, Compensation Committee, Risk Management Committee, Board Steering Committee, Audit Committee Member Recommendation Committee, and Corporate Social Responsibility Committee. Of these, the establishment of the Independent Director Recommendation Committee, Corporate Governance & CEO Recommendation Committee, Audit Committee, Compensation Committee, Risk Management Committee, and Audit Committee Member Recommendation Committee has been made mandatory by such laws as the Act on Corporate Governance of Financial Companies. The BOD autonomously established the other two remaining committees to enhance BOD expertise, independence, and efficiency.

With regards to recommending candidates for executive positions, the Group operates the Independent Director Recommendation Committee, Corporate Governance & CEO Recommendation Committee, Audit Committee Member Recommendation Committee, Board Steering Committee, and Subsidiary Management Committee. Enforced in August, 2016, the Act on Corporate Governance of Financial Companies obligates the establishment of the officer recommendation committee, which recommends candidates for executives, such as independent directors, chairman, CEO, and audit committee members. Even before the enforcement of relevant laws, the Group segmented the authority to recommend executives and divided it among the BOD sub-committees.

SFG's Governance Structure



Sub-committees of the BOD

Sep. 2001	May 2004	Feb. 2008	Aug. 2011	Mar. 2015
Audit Committee	Audit Committee	Audit Committee	Audit Committee	Audit Committee
Risk Management Committee	Risk Management Committee	Risk Management Committee	Risk Management Committee	Risk Management Committee
Board Steering Committee	Board Steering Committee	Board Steering Committee	Board Steering Committee	Board Steering Committee
	Independent Director Recommendation Committee	Independent Director Recommendation Committee	Independent Director Recommendation Committee	Independent Director Recommendation Committee
	Remuneration Committee	Remuneration Committee	Remuneration Committee	Remuneration Committee
		Audit Committee Member Recommendation Committee	Audit Committee Member Recommendation Committee	Audit Committee Member Recommendation Committee
			Corporate Governance & CEO Recommendation Committee	Corporate Governance & CEO Recommendation Committee
				CSR Committee

BOD Composition by Expertise

As of	Finance	Economy	Business Administration	Accounting	Legal Affairs	Information Technology	Total
Mar. 2016	4	2	4	1	1	0	12
Mar. 2017	5	1	4	1	1	0	12
Mar. 2018	5	1	3	1	1	1	12
Dec. 2018	4	1	3	1	1	1	11
Mar. 2019	6	1	3	1	1	1	13
Mar. 2020	6	1	3	1	1	1	13



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Global Business . 048

Group & Global
Investment Banking . 055

Wealth Management . 059

Global Markets & Securities . 062

Retirement Pension . 064

Digital Banking . 066

Real Estate Business . 071

Retail Banking . 073

Corporate Banking . 075

Credit Card . 077

Brokerage . 080

Life Insurance . 083

Asset Management . 087

Shinhan Financial Group has 16 subsidiaries which provide their customers with first-class financial services, including banking, credit cards, securities, insurance, and asset management. The Group uses a matrix system in order to expand the business areas of each subsidiary, to ensure a coherent and efficient strategy within the Group, and to optimize the use of its resources, such as capital and personnel. At the end of 2019, the Group Real Estate Business Line was added to its matrix structure, in addition to the existing six business divisions – GIB, WM, Global, GMS, Pension, and Digital.



REVIEW OF OPERATIONS

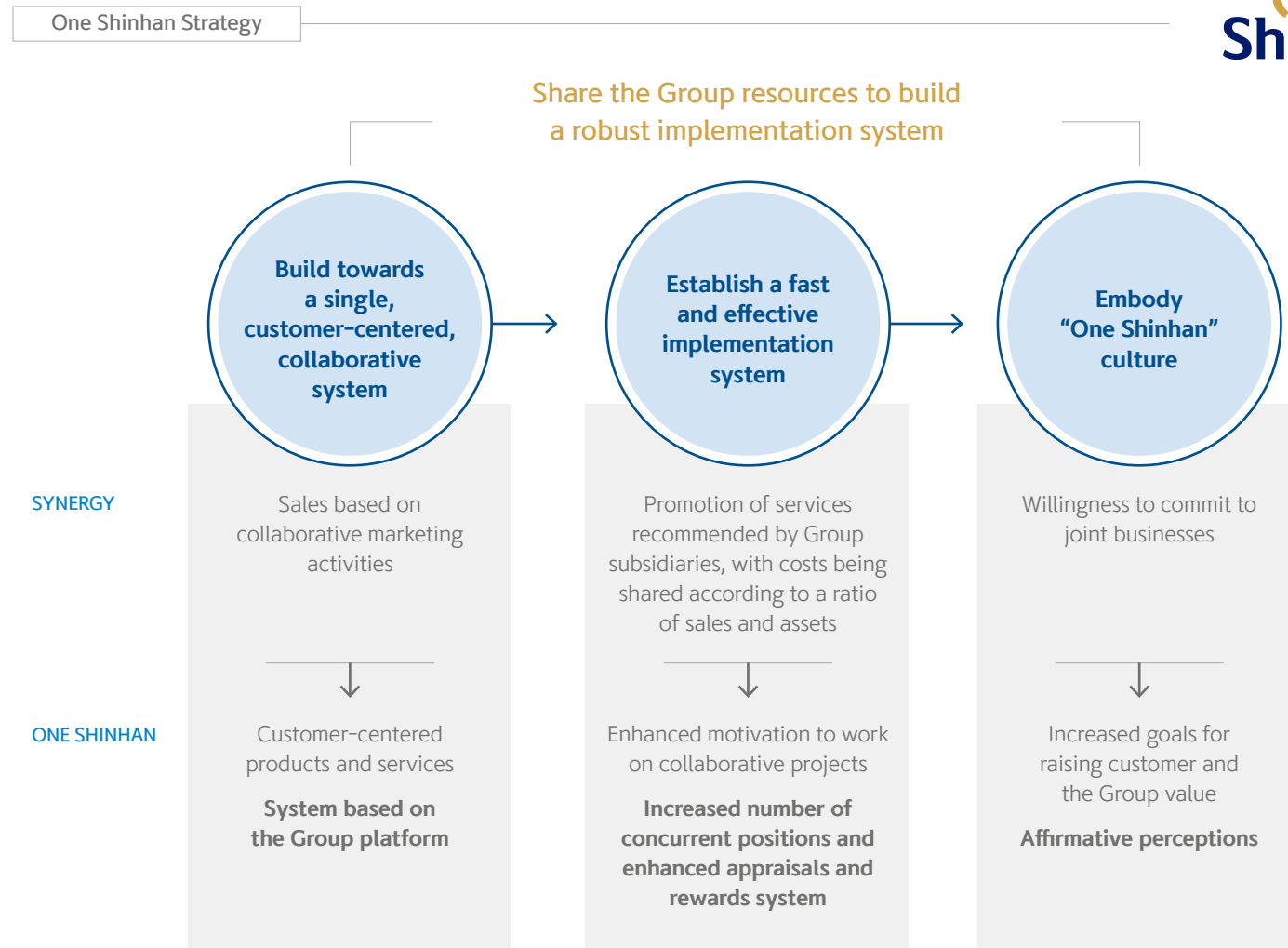
One Shinhan

- Global Business
- Group & Global Investment Banking
- Wealth Management
- Global Markets & Securities
- Retirement Pension
- Digital Banking
- Real Estate Business
- Retail Banking
- Corporate Banking
- Credit Card
- Brokerage
- Life Insurance
- Asset Management



One Shinhan

Shinhan Financial Group is implementing the “One Shinhan” strategy, a highly collaborative way of working closely at the Group level. It is not just a slogan but a strategy that brings together the products and services of all subsidiaries to provide customers with optimized financial solutions.



REVIEW OF OPERATIONS

One Shinhan

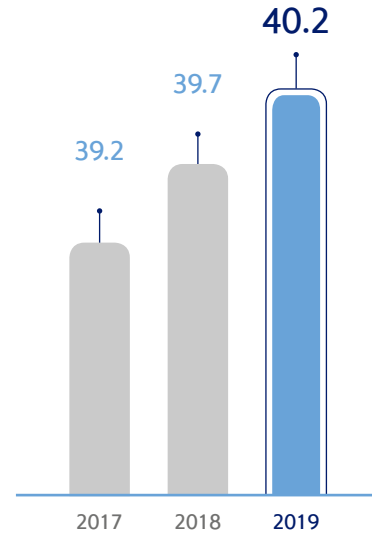
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Key Figure

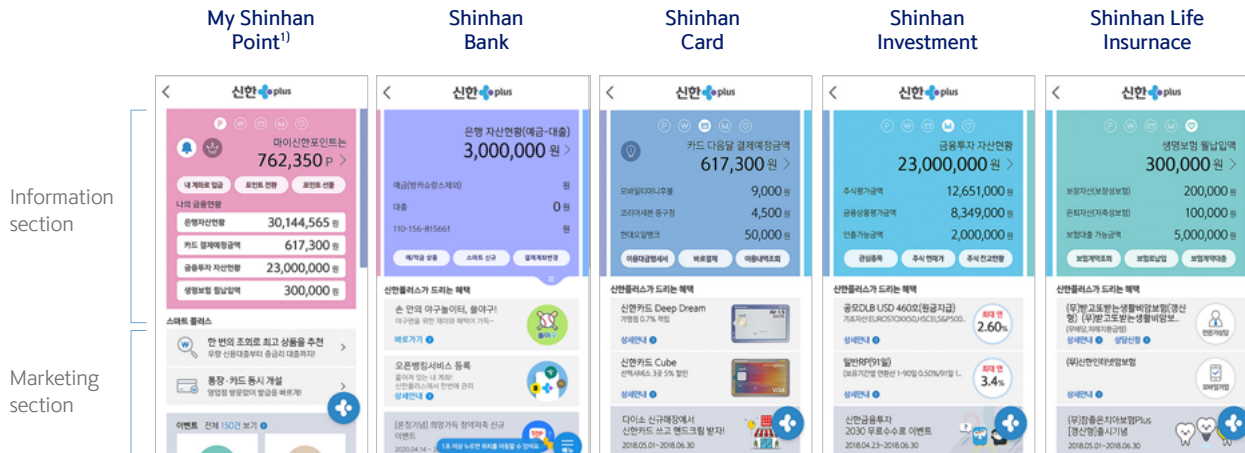
40.2%
2019 Cross-selling ratio

* Ratio of customers using products and services from two or more of the Group subsidiaries, including Shinhan Bank, Shinhan Card, Shinhan Investment, and Shinhan Life Insurance

Cross-selling Ratio
(Unit: %)



Shinhan Plus



Information section

Marketing section

Key Performances in 2019

In 2019, the Group added Pension Division to its matrix organization, and thus increased collaboration across its subsidiaries. It also strengthened its operating systems by adding new business lines, including OrangeLife and Asia Trust, to the One Shinhan platform, thereby accelerating the pace of synergy creation.

Improved the One Shinhan Platforms and Channels The Group established the Pension Division in order to increase rates of return for retirement pension customers, expanding the scope of collaboration across its business divisions. "Shinhan Plus" is an integrated Group platform which offers some 110 major financial services, including customer inquiries and subscribing for products. The number of users has increased steadily since its launch in July 2018, with the number of subscribers exceeding 12 million by the end of 2019, which has contributed significantly to expanding the Group's customer base. Shinhan Plus is a one-stop financial platform which enables the use of My Shinhan Point¹⁾ and the services of four subsidiaries – Shinhan Bank, Shinhan Card, Shinhan Investment, and Shinhan Life Insurance – on a single mobile application. Moreover, the "Smart Loan Center", a digital loan platform was revamped so that customers can conveniently make inquiries and use products without having to install additional applications, thereby leading improvements in mid-range interest rate loans.

Increased One Shinhan Collaboration Through the One Shinhan Committee, the Group has identified various tasks which will improve collaboration, and is now maximizing synergy creation within the Group. The Committee was held in a timely manner to ensure flexible responses to the rapid changes in market conditions and specific requests from subsidiaries. The Committee also collects the opinions of the Group's subsidiaries, and brings about agreement from the perspective of One Shinhan. In particular, the Group looked into measures for expanding the real estate business of Asia Trust through the WM-Real Estate Committee, and identified multiple areas of collaborations for strengthening the earnings bases for OrangeLife.

¹⁾ A credit card reward program offered by Shinhan Card



REVIEW OF OPERATIONS

[One Shinhan](#)

Global Business

Group & Global Investment Banking

Wealth Management

Global Markets & Securities

Retirement Pension

Digital Banking

Real Estate Business

Retail Banking

Corporate Banking

Credit Card

Brokerage

Life Insurance

Asset Management

In addition, the Group has enhanced its ability to identify and execute new joint projects. It created the “One Shinhan Scale-Up Board” to measure One Shinhan performance, and built the “Customer Investment Asset Dashboard” to monitor customer investment assets. Introducing customers who have had difficulties in using Shinhan Bank’s My Car loan to Shinhan Card, resulted in additional business of around KRW 56 billion. Target date funds were strongly promoted as well, leading to a year-on-year increase in assets of KRW 103.8 billion.

Upgraded the One Shinhan Operating System The support and evaluation system for new joint projects was upgraded to encourage the implementation of joint projects between Group subsidiaries. Employees are being strongly motivated to focus on joint projects by, for example elevating the value of One Shinhan Awards so that they are presented at the Group’s founding anniversary ceremony. The expertise of the One Shinhan panel, which consists of sales employees from the Group subsidiaries, was enhanced as well. The Group has also facilitated communication and exchanges between employees from different subsidiaries, as well as increasing communications with management.

Plans for 2020

Shinhan Financial Group will expand its customer-centered One Shinhan system in 2020 with the goal of increasing customer value and evolving into “Excellence, Shinhan”, thus earning recognition from customers and wider society.

Expanding the Customer Base and Increasing Cross-marketing

The Group has segmented its customer base in accordance with the life cycle and lifestyle of each customer in order to identify their needs more accurately and thus to provide them with the right financial services offered by the Group’s different subsidiaries. It will also strengthen customer loyalty programs, centered around Shinhan Plus, and thus promote the use of its integrated platform. In particular, the Group will use its customer database to increase cross-selling with more competitive products, including package products and hybrid products offered exclusively on Shinhan Plus, to attract more customers.

Shinhan Plus will be leveraged as the Group’s integrated marketing platform while seeking to achieve its target of 15 million subscribers, thereby strengthening its status as a leader in mobile financial platforms. Moreover, the Group was the first Korean financial group to build a Group integrated pension platform which offers its customers Group-level retirement pension products and services.

Improving Collaboration within the Group Business Value Chain

Shinhan Financial Group will increase communications between divisions and Group subsidiaries, and will develop convergent business models between different areas of its business by building a control tower to manage its marketing value chain and improve customer management from the perspective of ROI. The Group will also strengthen One Shinhan collaboration by upgrading the One Shinhan KPIs, increasing strategic support for One Shinhan at the subsidiary level, and using the One Shinhan Scale-up Board to enhance the profitability of joint projects.

Enhancing One Shinhan Management System

The Group will upgrade its financial market monitoring systems in order to improve responses and increase rates of return on customer assets. Employees will be encouraged to develop and apply the One Shinhan mindset and expand communications. To this end, the “One Shinhan Awards” and “One Shinhan panel system” will be facilitated, in addition to carrying out such management innovation activities as “One Shinhan Day”.



REVIEW OF OPERATIONS

One Shinhan

Global Business

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Retail Banking

Corporate Banking

Credit Card

Brokerage

Life Insurance

Asset Management

One Shinhan on the new horizon

OrangeLife



OrangeLife became a subsidiary of Shinhan Financial Group in February 2019, and the Group is now implementing key strategies so that the company can establish itself as a member of One Shinhan while maintaining the unique strengths of OrangeLife. The company is also widening its scope of collaboration with other Group subsidiaries including Shinhan Life Insurance. The Group has therefore set a strategic direction for OrangeLife, and is now executing detailed business strategies that will enable it to build a distinctive insurance business in line with the "Excellence, Shinhan", based on which it will considerably enhance the value of Shinhan Financial Group and its customers

Creating Synergies

The Group will bring about complete collaboration between OrangeLife and Shinhan Life Insurance to actively respond to changes in markets and regulations, and will also seek out new business opportunities which will bolster the future competitiveness of the Group's insurance business line. The Group will focus on strengthening each company's distinctive competitiveness, while avoiding unnecessary and redundant investments at the two companies. In addition, customer services and infrastructure will be shared, and the product line-ups will be made complementary to deliver optimal customer experiences.

The Group will also concentrate on increasing One Shinhan synergy at the Group level. It will respond to its customers' diversified needs and expectations through Shinhan Plus, and bring OrangeLife's digital strategies in line with the Group's strategies for a distinctive digital transformation. Moreover, collaboration within the Group matrix organizations will be further expanded to uncover new business opportunities.

Going forward, OrangeLife will establish a strong sustainability management system based on the Group's foundations in ESG management and sustainable finance, including leadership in innovation finance, inclusive finance, and social finance. By doing so, the company will contribute to realizing the value of "Excellence, Shinhan".

Asia Trust



Shinhan Financial Group has been looking for inorganic growth opportunities in order to strengthen its non-bank business portfolio and sources of non-interest income. The Group thus determined that reinforcing its real estate business line was a priority in enhancing customer value, and Asia Trust became a Group subsidiary in May 2019. This completed the value chain for the Group's real estate business line, enabling it to create customer and its own corporate value across all areas of real estate-related business, ranging from consulting to development, management and operations, and sales.

Creating Synergies

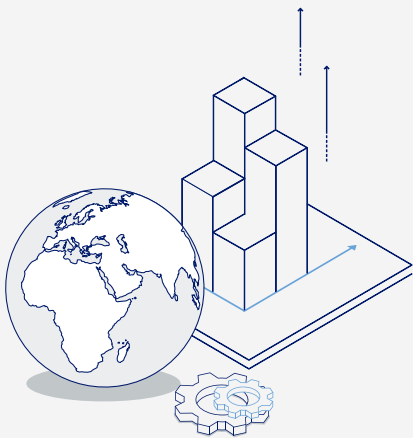
The Group will create synergies by leveraging Asia Trust's expertise, experience, and networks, while promoting close collaboration with Group subsidiaries and divisions. It will expand its customer base by offering trust products not previously handled by the Group, and will actively seek new customers in custodial accounts and collective loans, targeting high quality trust service providers in particular.

In addition, Group subsidiaries and divisions will continue to collaborate on investments and loans, including funds, REITs, and global investment banking (GIB). Funds and REITs will be used to sell assets under the custody of trust companies, and additional financings will be centered on GIB. The Group will also create new synergy in its WM business. By combining Asia Trust's real estate development and management services with the advisory and brokerage services provided by Shinhan Investment, the Group will provide a unique and comprehensive range of real estate consulting services to meet diverse needs of its customers.

Shinhan Financial Group launched the Group Real Estate Council in August 2019 in order to maximize synergy within the real estate business. This Council will strengthen its target business at the Group level by establishing the right strategies and developing new business models for the real estate business.

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Global Business

Shinhan Financial Group is achieving prudent expansion in the global market by implementing consistent strategies, focused on globalization, selection and concentration, and the establishment of overseas network.

Key Figure

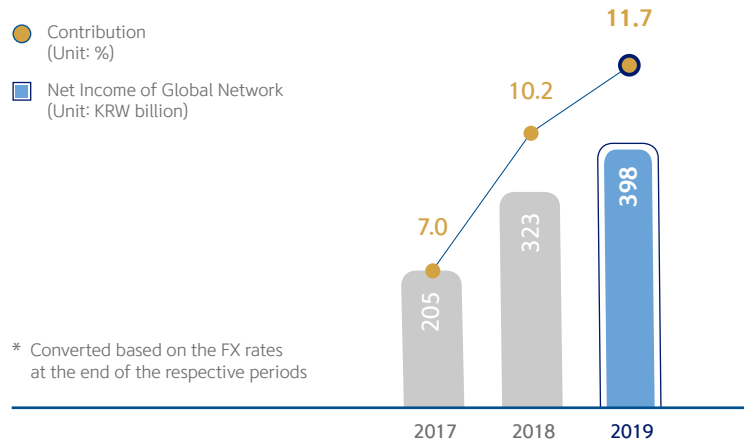
3,881.3 KRW billion

Global assets at the end of 2019

* Converted based on the FX rates at the end of the year

Global Net Income

- Contribution (Unit: %)
- Net Income of Global Network (Unit: KRW billion)



* Converted based on the FX rates at the end of the respective periods

Key Performances in 2019

The global network of Shinhan Financial Group consisted of 219 offices in 20 countries around the world as of the end of 2019. The Group has been building on its some 30 years of overseas experience in order to expand mainly into emerging markets in Asia. Its global assets rose by 166.5% between 2011 and the end of 2019, while the contribution of the Group’s net income accounted for by the Global Business Division has grown from 3.5% in 2011 to 11.7% in 2019.

Global business is a key area for Shinhan Financial Group’s 2020 S·M·A·R·T Project. The Group adopted a matrix system for its Global Business Division in 2017 in order to support its goal of “securing the Group’s growth driver by solidifying foundations for success in Asia”. This ensures consistency in global strategies at the Group level, while optimizing the allocation of resources and building the basis for successful sales strategies. In 2019, the Group set out four key tasks for the Global Business Division in order to stabilize the global organizational structure and optimize business models for local markets – producing tangible “One Shinhan” outcomes; pursuing smart growth; encouraging risk-based growth; and increasing global digital capabilities.

Produced Tangible “One Shinhan” Outcomes As one of important pillars of the Shinhan matrix structure, in 2019 the Global Business Division focused on expanding cross-selling and increasing income from local markets across the globe. In markets which subsidiaries have entered together, the Division optimized resource allocation and improved efficiency in procurement and management through its “Country Head” system that supervises collaboration. The global One Shinhan platform was used to conduct joint marketing in each region, IB collaboration between Shinhan Bank and Shinhan Investment was solidified, and joint financial products were launched by leveraging Shinhan Bank’s funding power and Shinhan Card’s sales capabilities.

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In addition, the Division worked with the GIB Division to source and manage investment and trust products at the Group level, while also performing a role as the Shinhan Global Product Center (SGPC). In 2017, Shinhan Bank Vietnam acquired the retail division of ANZ Bank’s Vietnam operations, and Shinhan Card acquired Prudential Vietnam Finance Company (PVFC) in 2018, which was followed by the establishment of Shinhan Vietnam Finance Company (SVFC) in 2019. SVCF launched guaranteed bonds in collaboration with Shinhan Bank, thereby creating synergies.

Pursued Smart Growth The Group implemented distinctive growth strategies by striking the right balance between risk and profitability, in order to respond to increased volatility in global financial markets. It also pursued efficient asset growth through the monitoring and management of asset concentrations. With regards to organic growth, the Group has sought continued growth in key markets. For example, Shinhan Bank Japan (SBJ) achieved growth by diversifying its business, where Shinhan Bank China implemented a growth strategy of partnering with promising digital platform providers and forming online alliances. In addition, the Group continued its efforts to diversify the supply chain-related financings in China, and to expand the scope of its business in both India and Cambodia.

Furthermore, the Group strengthened its income base by building on the opportunities offered by the successful creation of the 4G models for global IB, global transaction banking, global trading center, and global custody. It enhanced its management efficiency through proper allocation of resources, such as a capital increase for its business model revamp or when required. It also reviewed various M&A and equity investment opportunities in global markets under the principle of pursuing inorganic growth¹⁾, with a focus on Southeast Asia, especially digital investment opportunities in platform companies, consumer finance, and a digital bank joint ventures under the principle of pursuing inorganic growth.

¹⁾ Return on investment, economies of scale, comparative advantages, and synergy

Global Business



Shinhan Bank



Shinhan Card



Shinhan Investment



Shinhan Life Insurance



Shinhan BNPP AM



Shinhan DS

Total

No. of Countries	20	3	6	1	1	1	→	20
No. of Networks	160	50	6	1	1	1		219



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Encouraged Risk-based Growth The Group assigns KPIs related to foreign currency liquidity and risk-weighted assets (RWA) for its overseas branches so that asset growth also takes into account global risks. The level of compliance has been improved to global standards by providing compliance training to overseas branch personnel, and by carrying out an anti-money laundering (AML) and sanctions program at relevant departments and overseas branches. Additional improvements were made to AML systems in Canada, the Philippines, the US, and Myanmar. In addition to recruiting experts on internal controls, the Group has increased the percentage of local employees within the management and directorate of major Group subsidiaries, and continues to recruit people who can quickly and efficiently respond to the requirements of local markets and supervisory authorities.

Increased Global Digital Capabilities The Group has enhanced its local competitiveness in the overseas market through digital technology, and established business strategies that take into account the economic and digital development phase in a particular country. In the corporate sector, the Group expanded the services offered to its customers in Vietnam, China, India, and Canada by providing cash management services (CMS). In the retail sector, the Group improved the convenience and functionality of its Internet and mobile banking platforms, and offered more digital banking retail products by providing loan services in Indonesia through Akulaku, a global e-commerce platform, and through Zalo, a messaging app provider in Vietnam. The Group also accelerated the digital transformation of its operations by digitalizing loan contract documents in Japan, setting up a digital system for the payment of apartment maintenance fees in Vietnam, and opening bill discount platform and WeChat account inquiry services in China.

Plans for 2020

Shinhan Financial Group will grow into Asia's leading global financial group by establishing distinctive strategies which are based on its wide range of experience and successes in global business.

Leading the Market in Key Businesses In order to increase its organic growth, the Group will focus on securing stable sources of income, with Shinhan Bank taking a central role, while strengthening profitability and the soundness of its business models in the non-banking businesses. In addition, the Group will increase portfolio efficiency for each country from an RORWA¹⁾ perspective, implement segmented growth strategies for each region and development phase of key businesses, and manage channels with a focus on profitability. It will also expand the Country Head system in its efforts to support its global business operations. The scope of its 4G localization business model will be expanded as well, and existing successful business models will be applied to other business areas, thereby diversifying its glocalization business models.

Making Outcomes in New Businesses Shinhan Financial Group will focus on developing new products which are optimized for local markets, including loan products offered in partnership with local organizations. It will also increase its presence in regional IB, and enter local brokerage markets. The Group plans to launch strategic digital products through alliances with a channeling service provider in Vietnam, an e-commerce company in Indonesia, and a mobility company in Cambodia. The Group will increase the percentage of its sales made through non-face-to-face channels, including third-party alliance platforms and global SOL, and will expand into key solution-based businesses, such as e-KYC and digital credit assessments. Furthermore, each subsidiary will examine opportunities for M&A, equity investments, and JVs, and will look for global business opportunities by reviewing potential investments in digital companies.

¹⁾ Return on risk-weighted assets

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Improving a System to Generate Global Synergies Subsidiaries which jointly enter local markets will strive to produce One Shinhan outcomes by increasing cross-selling and improving collaboration systems. There will be more joint marketing, including by referrals among subsidiaries, and funding and product sourcing will be expanded by the use of subsidiary channels, including local partner networks. In addition, the Group will build a market information-sharing platform and will share best practices of collaboration among Group subsidiaries, thus strengthening the authority of Country Heads and supporting collaboration. It will also increase the percentage of local personnel among its management and department managers, and will provide additional training programs for local personnel.

Focusing on preemptive risk management In response to increased volatility in global financial markets, the Group is aiming to improve its AML systems, that will help it to establish an effective global AML system, while internal controls will be strengthened by creating a global information protection system. Moreover, risk and soundness management will be strengthened by verifying the status of loan management and addressing any issues found at each overseas branch. The Group will continue to expand its funding by, for example, offering deposit products which are tailor-made for the customer preferences of each country, and by diversifying its funding portfolio.

Strategies for 2020

VISION

**Asia's Leading
Global Financial Group**

STRATEGIC GOAL

**Distinctive strategies and efficient operations
towards "Excellence, Shinhan"**

STRATEGIC TASKS



Lead the market
in key businesses



Make outcomes
in new businesses



Improve a system
to generate global
synergies



Focus on preemptive
risk management

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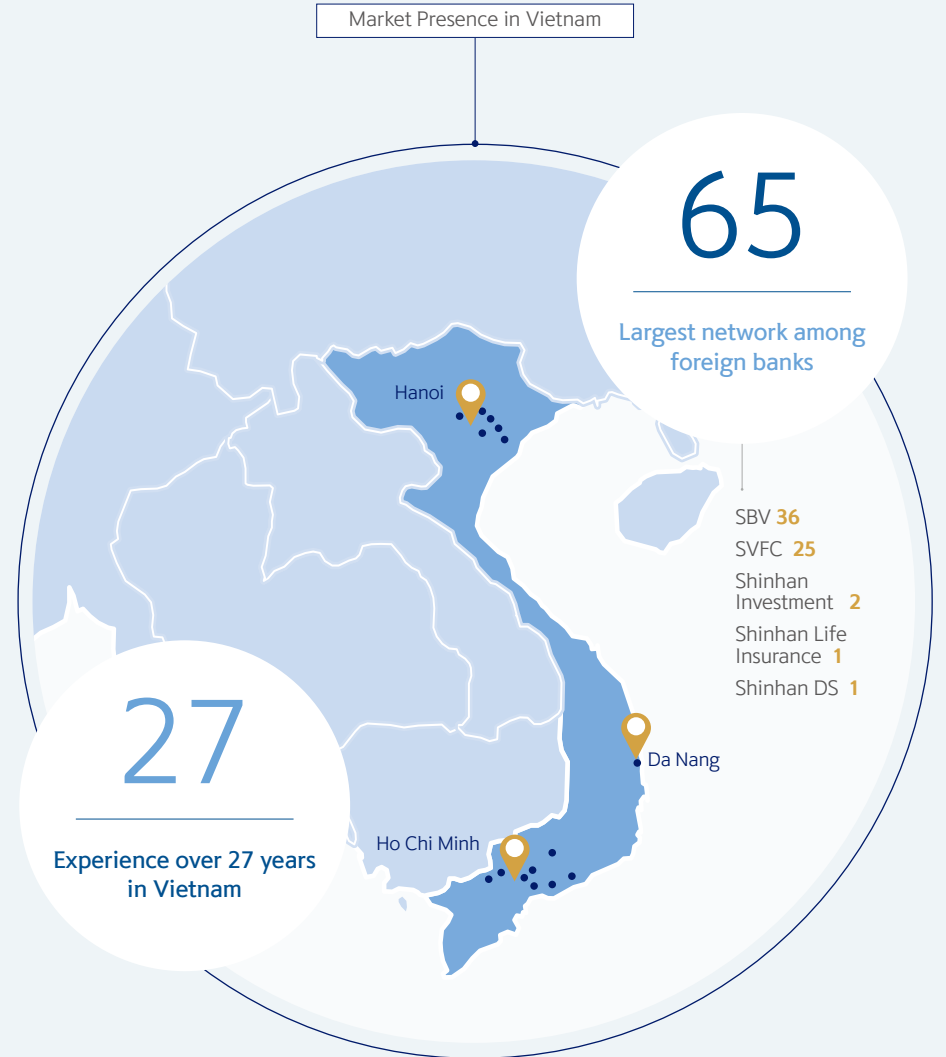
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Global strengths, local focus

Global Value of One Shinhan



Shinhan Financial Group stayed ahead of competition by quickly recognizing the growth potential of the Vietnamese market, and entered it in 1993. Under our “glocalization” strategy, we strived to localize assets, customers, and employees, moving away from a business model based mostly on Korean corporate customers. As of the end of 2019, the Group has 65 financial networks across the nation, providing services such as banking, consumer finance, brokerage, and life insurance, and is continuing to expand our market presence. In particular, Shinhan Bank Vietnam (SBV), which ranks first among all foreign-based banks in Vietnam, was selected as the best company to work for at “HR Asia Awards 2019”, thereby demonstrating the value of One Shinhan in the global market.



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2019 Key Achievements in Vietnam

01

Shinhan Bank Vietnam, Continuing to Be “the First” and “the Best”

Shinhan Bank Vietnam (SBV) is the first Korea-based bank to make inroads into the Vietnamese market in 1993, and it has continued to achieve both qualitative and quantitative growth through localization and M&A. In June 2019, it became the first company in the Vietnamese banking sector to strengthen its specialized services by opening a Private Wealth Management (PWM) Center in order to better serve its high net worth customers. In August, it opened a branch in Da Nang, for the first time among Korea’s commercial banks, thereby establishing a business network which covers the entire area of Vietnam. Moreover, in October the Bank became the first foreign-based bank in Vietnam to win Basel II approval, reinforcing its status as a leading bank in the country. Thanks to these achievements, net income of SBV in 2019 reached KRW 124.3 billion, up 30.9% year-on year, marking its first time that net income has exceeded KRW 100 billion.

Market Position in Vietnam

Shinhan Bank Vietnam

No. 1

Largest foreign bank in Vietnam
(Biggest number of channels and largest loan book among foreign banks in Vietnam)

97.84%

Percentage of local staff
(as of the end of 2019)

“ I am pleased that SBV further solidified our status as the number one foreign bank in Vietnam. By continuing to be “the First” and “the Best”, we will become Vietnam’s leading bank, competing on an equal footing with local banks. ”

Manager in charge of trustee business at SBV

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02

Shinhan Vietnam Finance Company, Opening the Door to New Opportunities

In July 2019, Shinhan Vietnam Finance Company (SVFC), a subsidiary of Shinhan Card, was officially launched as a member of Shinhan Financial Group, following the acquisition of 100% of the shares of Prudential Vietnam Finance Company, which was originally established in 2006. SVFC aims to grow into the best multi-finance company in Vietnam by leveraging its existing non-banking financial business license, and combining it with the Group's financial know-how, mobile platforms, and digital technologies. In addition, it will provide total financial solutions by working together with other Group subsidiaries operating in Vietnam, and will expand its business by forming alliances with major digital companies in Vietnam. In doing so, it will offer distinctive financial services and outstanding customer value to Vietnamese consumers, and promote growth across Vietnam, a land of new opportunities and endless possibilities.

Market Position in Vietnam

Shinhan Vietnam Finance Company

Top 5th¹⁾

Industry ranking with a 4.7% market share

Assets

368.8 KRW billion²⁾

Net income

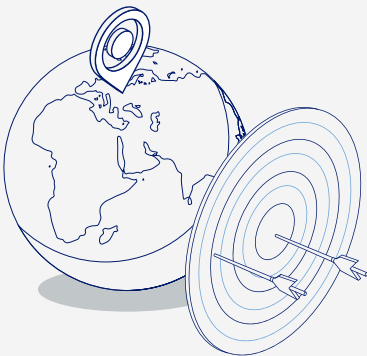
18.4 billion²⁾¹⁾ As of June 30, 2019²⁾ As of Dec. 31, 2019

“ Based on our motto of “New Experience, New Value”, SVFC will leverage the strengths of Shinhan Financial Group to offer outstanding products and services, and better customer experiences. We will thus both reflect our own values and advance the Vietnamese consumer finance market. ”

Staff in charge of brand & communication at SVFC

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Group & Global Investment Banking

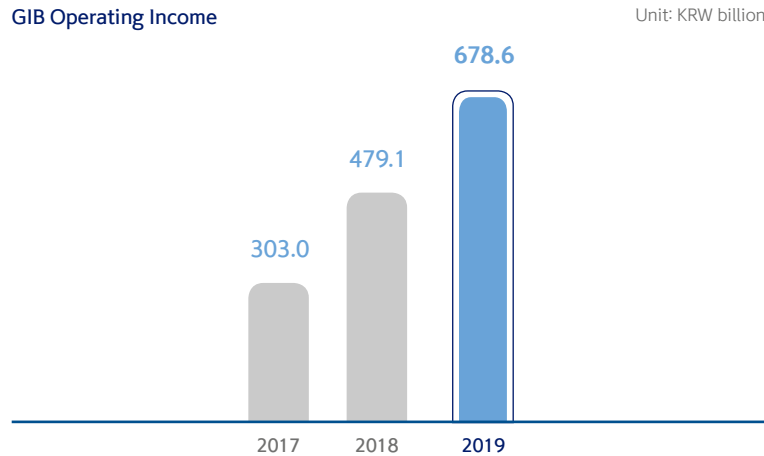
Shinhan Financial Group maintains robust growth momentum in the global capital markets, driven by the GIB, the Group's unique model for collaboration and a matrix organization for IB.

Key Figure

678.6 KRW billion

GIB operating income in 2019

* Before deducting expenses



Key Performances in 2019

The GIB Division achieved an outstanding financial performance in 2019. It substantially improved its competitive position, and its non-interest income earning base was expanded. More specifically, non-interest income increased strongly, with brokerage services, equity investments and income from overseas operations achieving steep growth. Pre-tax income before deducting expenses of the Division recorded KRW 678.6 billion, a year-on-year increase of 42%, having laid the foundations for meeting the targets of the 2020 SMART S·M·A·R·T Project.

Strengthened Leadership in Capital Markets Shinhan Financial Group solidified its position as a leader in South Korea's capital market by arranging major deals under the One GIB system. Collaboration between Shinhan Bank and Shinhan Investment, in particular, led to a year-on-year increase of KRW 3.9 trillion in total arrangements, to reach KRW 13.2 trillion, and a year-on-year increase of 6%p in market share to 25%. The Group also successfully arranged acquisition financing for Linde Korea and Hanon Systems, SOC financing for GTX-A and New Busan Port, and strengthened its leadership in the arrangement of syndicated loans.

There was additional focus on improving total financing solutions for SMEs and mid-cap companies. The "Creative Finance Plaza", a joint sales organization of Shinhan Bank and Shinhan Investment, changed its name to "Shinhan IB Plaza", and its coverage was expanded to include IB for SMEs and mid-cap companies. In addition, "Channel IB Support Team" was created to support demand for small IB deals from the retail and private wealth management (PWM) channels. IB support is thus now better organized for each customer type and sales channel, ensuring more efficient sales support.



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Expanded Global Business Global commitment rose KRW 1 trillion year-on-year to KRW 4.3 trillion, mainly attributable to success in key business areas, such as SOC investment, acquisition financing, real estate financing, and equity investment. The Hong Kong GIB expanded its scope of core businesses by recruiting experts and establishing an efficient collaboration system. In addition, the Group has built on its strong track record by arranging a number of non-resident bond issuances, including the LPPI Kimchi bond in Indonesia and the Transimex Dong-denominated bond in Vietnam.

The global IB platform was also strengthened in 2019. GIB Desks were set up in London and Sydney in January and July, respectively, and the Vietnamese GIB Desk was relocated to Singapore, resulting in the building of a strategic deal sourcing network. In addition, the “Global IB Support Lab” was expanded and reorganized into the “Global IB Department”, thus helping to improve the IB support system. The “Global R&D Team” has also been created within the GIB Division in order to support and provide insights on global deal management and strategies through the gathering and analysis of global information and insights.

Distinctive Innovation Finance In 2019, the GIB Division made investments into innovative companies totaling KRW 588.1 billion, well above its target of KRW 475 billion. The Group exceeded its goals across all areas, including investments by Shinhan Future’s Lab, government matching funds, and social enterprise investment funds, which has made a substantial contribution to expanding the start-up ecosystem in South Korea.

The Group has also expanded its networks for identifying and investing in blue-chip corporations. After completing an innovation financing project in April 2019, the Group signed an MOU to identify blue-chip corporations with several accelerators, including Korea Science & Technology Holdings, Seoul Techno Holdings, HYU Holdings, and Korea Growth Investment Corp., and is now building a collaboration network with them. In addition, a fund worth KRW 10.8 billion was formed specifically for start-up investments into companies fostered by Shinhan Future’s Lab. The Group is moving forward with the construction of a regional start-up park, based on an MOU with Daejeon Metropolitan City.

Plans for 2020

With the business environment remaining difficult as a result of low interest rates, tighter regulations, and increased competition, the GIB Division has set out four strategic directions for 2020 – pursuing “Excellence” in all business areas; building a global IB reputation; expanding One GIB synergy; and establishing a top-notch GIB platform. The GIB Division will strive to achieve both performance outcomes and sustainable development by leveraging its strong execution capabilities.

Pursuing “Excellence” in All Business Areas The Group will enhance its competitiveness across key markets by establishing targeted growth models for each business, pioneering new markets, and expanding its business coverage. In addition, the Group will strengthen the connection for small deals with retail channels, and increase its capabilities in traditional IB business by making fundamental improvements in its advisory services, all in its efforts to expand its presence in the capital market. Furthermore, continued commitment to sustainable finance and innovation finance will be made in order to build a sustainable growth model.

Building a Global IB Reputation The Group will strengthen its global IB through the expansion of its core businesses by building up the global fund business, and by increasing its financial arrangement capabilities. In order to accelerate the pace of its growth into a global IB, the Group will upgrade its global infrastructure. To this end, it will focus on expanding the business areas of each GIB Desk, including in Hong Kong, and pioneering strategic markets. The Global R&D Team within the GIB Division will take the lead in creating an overseas deal system, which will help the Group preemptively manage risks for its global IB business.

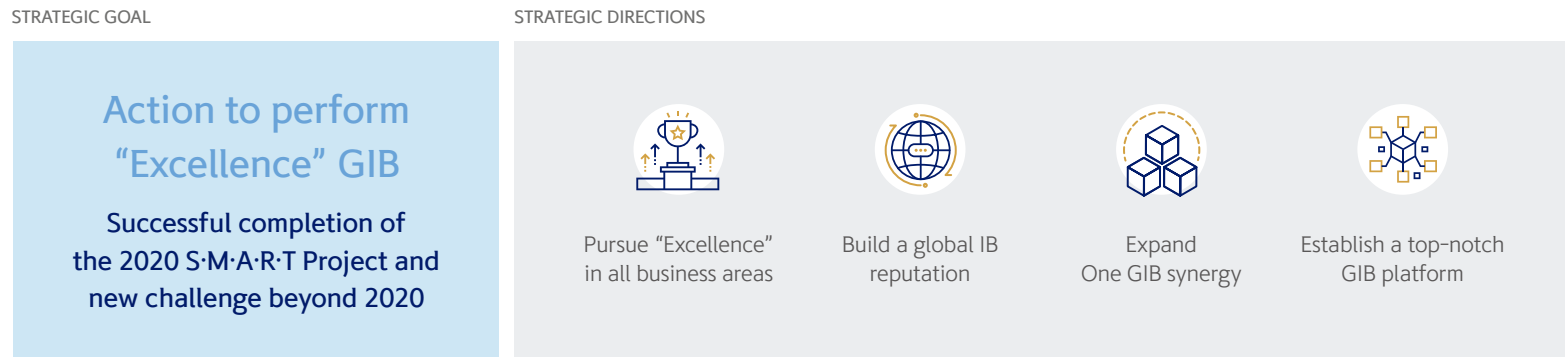
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Expanding One GIB Synergy The Group will increase synergies based on market status management for each GIB community and elaboration of strategic tasks. It will also create a new value chain by collaborating with new Group subsidiaries, including Asia Trust and Orangelife, thereby expanding the scope of synergy creation. The range of products being offered will be expanded as well to include publicly-traded REITs and open-ended funds, with the goal of providing optimized IB solutions.

Establishing a Top-notch GIB Platform The Group will strive to create a top-tier GIB platform by segmenting and pursuing specialization within its organizational system, while strengthening the integrated human resources management and development programs of the GIB Division to attract best-in-class talent. Moreover, in order to establish a corporate identity pursuing “Excellence” in global investment banking, the Group will expand its external branding activities, as well as continuing with internal branding programs.

Strategies for 2020



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Global reach, one partnership

One Shinhan, Globally

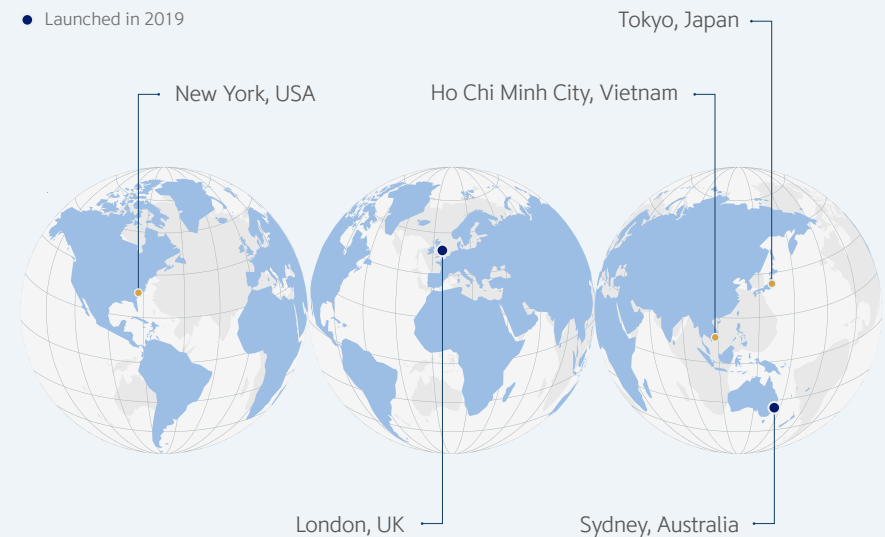
The GIB Division makes continuous efforts to secure new sources of revenue and drivers for growth by expanding its IB business in the global market. It is therefore looking for new business opportunities by increasing collaboration amongst its global financial bases, with its GIB Desks in New York, Ho Chi Minh City, Tokyo, London and Sydney taking a central role. GIB is increasing collaboration between its global financial bases, and looking for new business opportunities. In 2019, the newly-opened London GIB Desk worked together with Shinhan Bank's London branch on the successful arrangement of a syndicated loan for the African Finance Corporation (AFC). This deal not only proved that GIB has become an engine for new growth within the Group, but was also important in that it was a bridgehead into African markets, where Korean financial companies have almost no track record, thereby reaffirming the strength of One Shinhan in the global market.

“ By arranging the syndicated loan for AFC, we have built strong foundations for Korean financial companies to develop their business in African markets. It is also significant in that we have proved the possibility of One Shinhan working together in the IB market. ”

Deputy manager at the London GIB Desk,
Shinhan Investment

Global GIB Network

- Launched in 2019



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Wealth Management

Shinhan Financial Group provides comprehensive wealth management solutions by bringing together the WM expertise of its subsidiaries with the goal of creating the highest level of customer value.

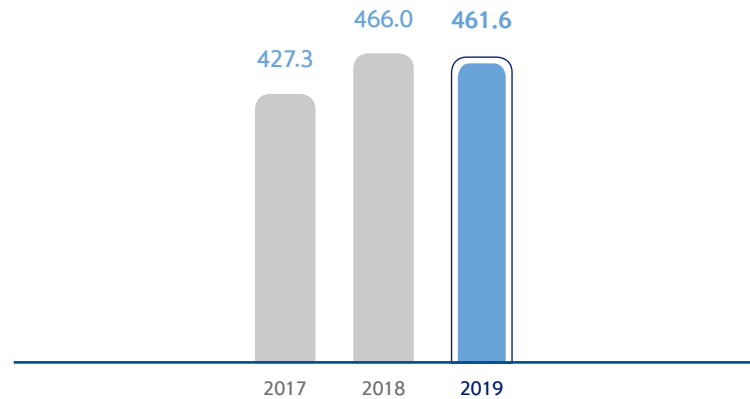
Key Figure

14,422 persons

Number of high-net-worth customers with assets of KRW 1 billion and more as of December 31, 2019

WM Operating Income

Unit: KRW billion



Key Performances in 2019

In 2012, Shinhan Financial Group launched its first Private Wealth Management (PWM) Center, a hybrid branch of Shinhan Bank and Shinhan Investment. As of the end of 2019, there were 29 centers throughout South Korea. In addition to these PWM Centers and retail branches, the Wealth Management Division has created various channels for customer contact according to customer type, and provides customized services which respond preemptively to market changes and enable the Group to develop its distinctive competitive edge in wealth management. Despite a difficult market environment in 2019, the Division continued to focus on customer value by offering the best possible sales channels and products, which resulted in success across various performance indicators, and major accomplishments in both domestic and overseas markets.

Combined IB with PB In 2019, the Wealth Management Division offered distinctive PB services targeted at each customer group. For example, it combined its PWM services with IB expertise and created a PIB Branch in Branch (BIB) for ultra-high-net-worth customers with assets of at least KRW 10 billion at the PWM Privilege Gangnam Center. This has enabled the Division to provide its sought-after customers with comprehensive wealth management services that covers not only individual needs of customers but also business requirements for companies owned by them.

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Outstanding Financial Performance Despite slowing global economic growth and a low interest rate environment, the Wealth Management Division recorded KRW 96.9 trillion of assets in trust as of the end of 2019, a year-on-year increase of 6.2%. It also generated annual net income of KRW 461.6 billion¹⁾. The Division achieved a good performance in its high-net-worth individual business, with the number of customers investing at least KRW 500 million reaching almost 40,000, and the Group ranks first in the South Korean banking sector in terms of the number of customers with at least KRW 1 billion.

Awards and Accolades Shinhan PWM's distinctive and comprehensive wealth management solutions are winning plaudits from major organizations at home and abroad. It was selected by the Asian Bankers as Korea's No. 1 Brand for the fourth consecutive year at the Korea Country Awards 2019. It has also ranked first for 12 consecutive years in the Korea Standard Premium Brand Index (KS-PBI) survey conducted by the Korean Standards Association, and for 10 consecutive years in the Korea Brand Power Index (K-BPI) survey conducted by Korea Management Association Consultants. Shinhan PWM won a total of nine awards in 2019 alone, solidifying its position as South Korea's top PB brand.

¹⁾ Sum of operating income before deducting bank expenses and net operating revenue from financial investments

5 Factors for WM Reframe



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Plans for 2020

The Wealth Management Division will pursue its “WM Reframe” strategy in 2020 with the goal of maintaining its growth momentum even amid rapid changes in markets and intensifying competition. This is aimed at expanding wealth management to all customer groups, and differentiating its Private Banking (PB) business. To this end, in early 2020, the Division separated out the Investment Products and Services (IPS) Headquarters in efforts to make product design more independent and competitive. As a result, the Division is now more focused on customer-centered wealth management, rather than on product sales.

Thinking from a Customer’s Perspective The Group plans to change the system for evaluating its PB business performance. Instead of the previous system, which was centered around profits and losses for the Group itself, there will be a substantially increased focus on customer rates of return. It will also create indices for levels of customer satisfaction in order to build a KPI system that is more centered on customers. These innovations in performance evaluation prove how Shinhan PWM is moving beyond a focus on product sales, and is evolving to offer comprehensive customer-centered advisory services.

Enhancing PB Capabilities The Group continually upgrades the skills of its PB Team Managers so that they can strive to become PB-Chief Investment Officers, actively engaging in the integrated management of customer assets instead of just being a relationship manager. It will also provide pre-PB trainings with a range of diverse content and financial networks to more employees in order to help them grow into PBs. In addition, the Wealth Management Division will provide its customers with comprehensive wealth management and consulting services by expanding its coverage to include IB, products, portfolio management, tax, and real estate.

Wealth Management for All Customers The Group will offer a portfolio of wealth management services, previously limited to high-net-worth individuals, to all customers in line with each individual’s needs and characteristics. Wealth management services which match the lifecycle of each individual and corporate customer will be made available to SOHO customers, moving away from the previous focus on loan services, so that customer assets and the Wealth Management Division grow in partnership. In addition, as more wealth management customers demand online services, the Division will reform its platforms to enable non-face-to-face, portfolio-based wealth management. Moreover, it will segment its customers, and provide each individual with an optimal portfolio in its efforts to offer optimized financial solutions to all customers.


Strategies for 2020

STRATEGIC GOAL


Customer First!

**New challenge towards
“Excellence” WM!**


STRATEGIC DIRECTIONS



Distinctive PB business



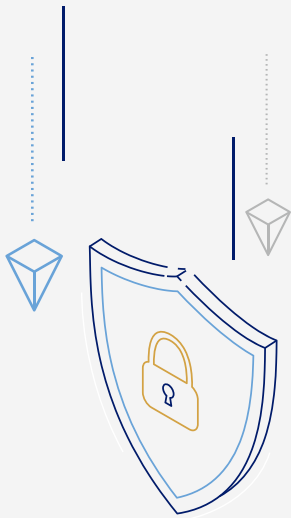
Wealth management for all customers



Customer-centered wealth management system

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Global Markets & Securities

Shinhan Financial Group strives to enhance its expertise and efficiency in operating its proprietary assets, with the Global Markets and Securities Business Division taking a central role.

Key Figure

251.7 KRW billion

GMS operating income in 2019

Key Performances in 2019

In support of its vision of becoming “Asia’s Leading Trading Group”, the Global Markets and Securities (GMS) Business Division implemented three major strategies in 2019 – increasing and diversifying type of investment vehicles; making its products and sales more competitive; and upgrading organizational and internal systems.

Given current market volatility, and with the aim of generating continued and stable profitability, the Division focused on a strategy of pursuing absolute profits rather than directional investment. In bond markets, it focused on increasing the size and types of assets being managed, as well as generating stable profits through well-timed sales. As a result, the Division exceeded its own profit target. In particular, investments in foreign currency bonds, which had not previously been targets for investment, expanded significantly in size and scope in 2019, making a considerable contribution to profitability.

Plans for 2020

Diversifying Management Strategies and Enhancing Profitability

The absolute profit strategy, that has been implemented since the launch of the GMS Business Division in 2018, will continue into 2020 as well, with an additional focus on expanding the spectrum of trading strategies in order to generate stable profits. To this end, the Division will identify new investment targets, and widen the range of its bond investments. In order to achieve first-class global standards, it will build a global and diversified portfolio which includes overseas stocks, ETFs, and highly-rated corporate bonds. It will also expand its management of overseas alternative investment funds and collaborative investments with overseas asset managers. The Division will flexibly adjust the duration and weighting of its portfolios in order to ensure optimal duration management and strategic profit and loss management, according to the asset and liability management (ALM) policy of each subsidiary. It will also pursue profits through timely sales of assets.

Offering Market-leading and Diversified Products

In early 2020, Shinhan Investment restructured its organization, with a focus on strengthening the competitiveness of the GMS Business Division. Accordingly, in its efforts to develop new products which can lead market trends and create new markets, Fixed Income, Currency, and Commodity (FICC) Sales Headquarters and FICC Management Headquarters were launched, with the aim of improving expertise in each area. Other adjustments were made to roles & responsibilities and departmental organization to ensure maximum efficiency. As a result, the Equity Headquarters became the Global Investment and Solutions Headquarters, through which investments will be made across a wider range of asset classes in order to enhance profitability.

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FICC Management Headquarters will concentrate on management, while FICC Sales Headquarters will seek out new underlying assets to strengthen its existing sales functions, and will also focus on increasing ELS sales. New customer-centered and market-friendly interest rate/credit/FX-linked products will be developed, and other products for investment into domestic and overseas alternative assets will also be offered. In addition, a range of USD-denominated bonds will be provided to give customers more options.

Upgrading Personnel Infrastructure and Risk Management Having the best personnel is essential to pursue “Excellence” in trading. The GMS Business Division therefore makes continuous efforts to maximize its human resources capabilities. To this end, it has instituted an effective performance measurement system, and its performance-based compensation system enables it to recruit and reward outstanding personnel at home and abroad.

The Division also plans to upgrade its risk monitoring systems. The new preemptive response system will strengthen the role of the Proprietary Asset Management Committee, improve and manage the early alert and risk indices, and undertake detailed analyses of market and product trends.

With regards to infrastructure, improvements will be made to the trading system, and preemptive risk management will be strengthened. There will be continuing upgrades made to the in-house hedging management system, and risk management indices will enable timely responses to events which affect even non-marketable assets. With the Group making ever-increasing investments in global markets, the GMS Business Division will strive to increase the efficiency of foreign currency portfolios, and foreign exchange risk management will also be further improved.

Strategies for 2020

STRATEGIC GOAL

**Better risk management
and diversifying
investment portfolio for
an increase in return**

STRATEGIC DIRECTIONS



Diversify management strategies and enhance profitability



Offer market-leading and diversified products



Upgrade personnel infrastructure and risk management



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Retirement Pension

Launched in 2019, the Pension Division is a matrix organization bringing together the skills of the Group subsidiaries in retirement pension with an aim to realize top rates of return for its customers.

Key Figure

26.2 KRW trillion

Retirement pension reserves in 2019

Key Performances in 2019

The Pension Division achieved a strong performance in 2019, the first year of its launch, thanks to the competitiveness and skills of the retirement pension organizations at Shinhan Bank, Shinhan Investment, and Shinhan Life Insurance. Driven by a robust performance of the Bank, which ranks first in the Korean retirement pension industry, the Division attracted reserves totaling KRW 26.2 trillion, a year-on-year increase of KRW 4.3 trillion, and an overall market share of around 12%. In addition, Shinhan Financial Group became the first financial company in Korea to offer a fee exemption for customers experiencing negative returns on their individual retirement pension (IRP) investments. The Bank began to offer this exemption, followed by the whole Division, in order to establish a more customer-centered fee system.

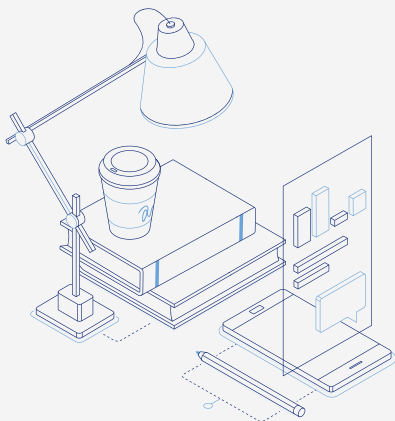
Expanded the IRP Business The retirement pension market is becoming more centered on defined contributions (DC) plan and IRP, as customers focus more on post-retirement assets and the tax benefits of such assets. Accordingly, the Pension Division made an increase in co-payments for IRPs its key strategic task in 2019, in its efforts to respond rapidly to market trends and to develop new drivers of stable long-term growth.

Accelerated Digital Transformation In June 2019, the Pension Division launched “All My Pensions”, a digital platform exclusively for retirement pension. The pensions platform, which is the first of a kind to be introduced in South Korea, can be accessed by pension customers through “SOL”, a mobile platform offered by Shinhan Bank. The platform allows users to inquire information about their pension assets held at various financial institutions, as well as their national pension and/or public officials pension. Retirement planning and pension rebalancing functions were also added, and thus increased customer convenience.

Plans for 2020

Profitable Growth The Pension Division will continue to build its DC business while maintaining its competitive edge in defined benefits (DB) plan. It will also add further qualitative growth by expanding reserves from IRP accounts. To this end, it will improve its KPIs, and focus on attracting more IRP customers. Centralized marketing activities will lead to more consistent and effective performance, while expanded sales channels will improve business efficiency. The evaluation and collaboration systems will be upgraded to further encourage joint sales among Group subsidiaries.

Increasing Customer Rates of Return Products and customer management are vital in increasing rates of return. The Pension Division will therefore concentrate on improving the competitiveness of its products. The Retirement Pension Planning Office, launched at the same time as the Division, is responsible for developing new products, including alternative investment, and is ensuring the smooth supply of customer-friendly products. A rate of return monitoring system is also being set up to improve supervision of rates of return.



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To offer customized services for all customers, client groups will be further segmented before going under management by sale channels. For long-term customers, a professional center will offer additional support. The financial portfolio of customers will be monitored and analyzed to identify areas of potential improvement, offer customized products and seek better returns through various tools such as asset rebalancing. This system will first be put into practice by Shinhan Bank, and will later be expanded to include Shinhan Investment and Shinhan Life Insurance.

Increasing Communications with Customers The Group will more actively communicate with its customers by expanding its non-face-to-face channels and PR activities related to its retirement pension brand. The Smart Pension Center, an integrated pension platform soon to be unveiled as the first of its type in South Korea, will become an industry leader. Moreover, in collaboration with Shinhan AI, the Pension Division will take digital customer experience to the next level.

2020 will mark the first year when the Pension Division establishes its “One Brand” identity. Accordingly, there will be additional PR and branding activities, including informational materials for customers, promotions, media PR, and seminars, which will be handled at the Group level. In addition, Shinhan Bank, Shinhan Investment, and Shinhan Life Insurance will ensure close collaboration in laying the foundations for the “One Brand” retirement pension brand of Shinhan.

Strategies for 2020

STRATEGIC GOAL

**Take a giant stride
towards “Excellence”
in retirement pension**

STRATEGIC DIRECTIONS



Group-wide consensus

Retirement pension as a core business of One Shinhan



Customer-centric

Higher rates of return for greater customer satisfaction



Big transformation

Redefining the platform

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Digital Banking

Shinhan Financial Group is driving digital transformation in order to achieve service innovation for its customers and to improve its fundamentals in response to the changing digital environment.

Key Figure

36.4 million persons

Number of people using Shinha's digital platform as of December 31, 2019

* The sum of such digital platform users as SOL, Shinhan PayFAN, Shinhan Plus, and Jeju Jini

Digital Transformation Strategy

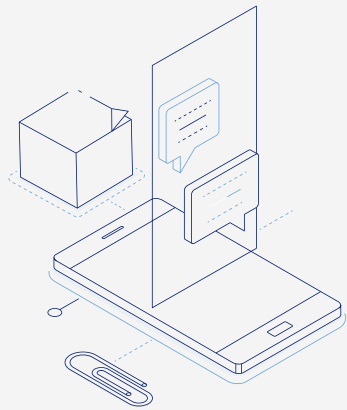
Shinhan Financial Group's digital transformation (DT) strategy is made up of the "2 Track & 5 C" framework. The 1st track is the transformation of current business models, and its key elements are improving customer experiences and operational efficiency. The 2nd track is the development of disruptive models, with the aim of responding to new business models such as fintech, embracing innovative models, and enhancing cooperation.

5C is about assessing how prepared the organization is to implement digital transformation, and it includes core technologies and capabilities required, organizational culture, platforms and partnerships, and change management. This systematic framework will enable the Group to move forward with a balanced, sustainable and complete digital transformation.ucts, including alternative investment, and is ensuring the smooth supply of customer-friendly products. A rate of return monitoring system is also being set up to improve supervision of rates of return.

Key Performances in 2019

The Group began laying the foundations for its digital transformation in 2017, accelerated its efforts in 2018, and in 2019, saw tangible outcomes generated through its digital transformation.

Provided Innovative Digital Platforms In 2019, the Group continued to provide its customers with convenient, innovative services and products. The number of customers using the Group's major digital platforms is around 36 million, and increasing steadily. The "SOL" platform of Shinhan Bank, the "Shinhan PayFAN" of Shinhan Card, and the integrated Group platform "Shinhan Plus" all have more than 10 million users, and are solidifying their leadership in their respective areas. According to an evaluation¹⁾ carried out by Gallup in the first half of 2019, the mobile applications of four major subsidiaries – SOL, Shinhan PayFAN, Alpha of Shinhan Investment, and Smart Counter of Shinhan Life Insurance – won first place in their respective industries. The Group's digital platforms are also earning recognition from consumers, with Shinhan Plus winning the main prizes at world-renowned design competitions, such as the Red Dot Award and the International Design Excellence Awards.



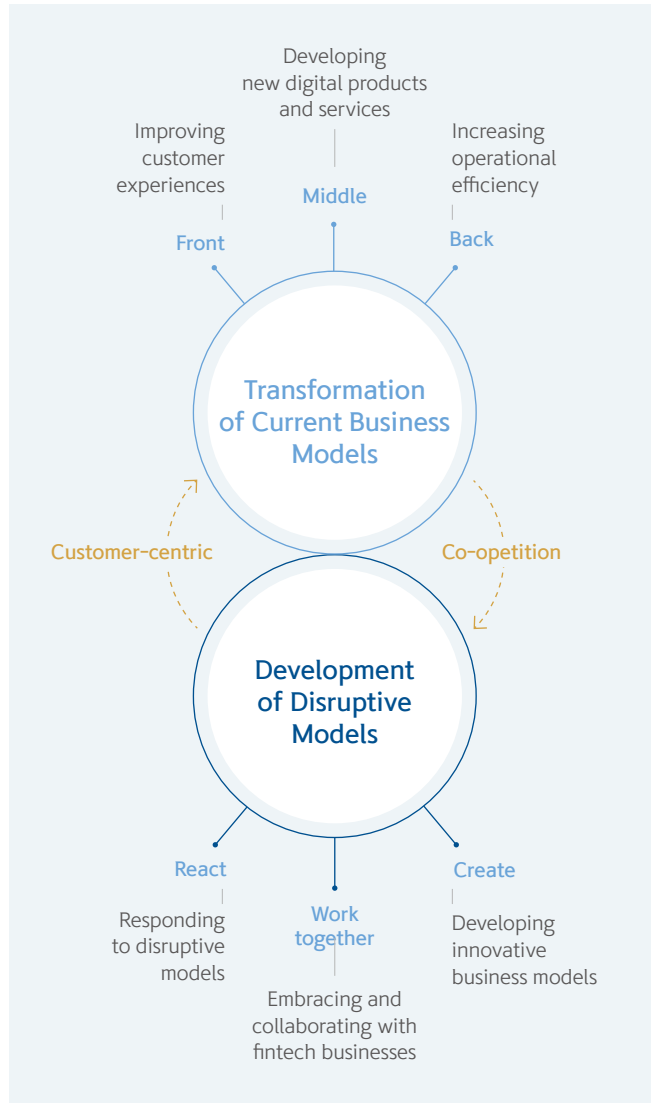
¹⁾ An evaluation of the competitiveness of commercial banks' applications, excluding Internet-only banks

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Framework for Digital Transformation Strategy

2 - Track: Business Innovations



5 - C: Organizational Readiness

Core Tech	1 9 Required technologies	<div style="border: 1px solid #0070C0; padding: 5px;"> <ul style="list-style-type: none"> AI Big data Blockchain Cloud Open innovation UX Digital marketing Cyber security IT architecture </div>
Capability	2 Nurturing talents	
	3 Attracting talents and expanding industry-academia collaboration	
Culture	4 Way of working and organizational culture	
	5 Governance and organization	
Collaboration	6 Building platforms	
	7 Creating external partnerships	
Change	8 Intellectual property	
	9 Roadmap and change management	
	10 Improving internal regulations	

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Developed New Digital Products and Services Shinhan Financial Group strives to provide greater value to its customers by developing new products and services leveraging new digital technologies. Shinhan Card is preparing its personal expenditure management (PEM) service as a preemptive response to the development of open banking, while Shinhan Bank has already launched its personal finance management (PFM) service, setting a new standard for financial experiences. In addition, Shinhan Card has adopted several payment methods which use new digital technologies, including Touch Pay for mobile on/offline payments, and Face Pay, which offers payments through facial authentication. As a result of such efforts towards digital competitiveness and innovativeness, Shinhan Card was presented with the Presidential Award at the Korea Digital Management Innovation Awards hosted by the Ministry of Science and ICT.

The Group also quickly responded to changes in regulations. It presented a range of ideas to the government-led regulatory sandbox program¹⁾ to spur innovation in the financial sector, and Shinhan had been selected for six²⁾ of the programs, the most of any financial institution. These programs have actually been commercialized, and are now leading financial innovation.

In September 2019, the Group established Shinhan AI, an AI-based investment advisory company, for the first time among financial groups in South Korea. Shinhan AI launched the “NEO”, an AI-based investment advisory platform, by bringing together cutting-edge digital technologies, such as AI and big data, and Shinhan’s financial know-how. The company is expected to lead the Group’s digital innovation and competitiveness by providing investment advice to major subsidiaries.

Established an Open Innovation Ecosystem Led by Shinhan Shinhan Financial Group is expediting the establishment of an open innovation ecosystem. In 2018, in response to changes in the regulatory environment such as MyData, Shinhan Financial Group became the first financial group in South Korea to launch a Group-wide joint open application programming interface (API) platform, “Shinhan Open API Market”. In addition, it has collaborated with various service providers in different sectors to develop products and services which offer new customer experiences. In November 2019, the Group hosted the “Shinhan Hackathon”, using around 130 Shinhan APIs and providing developers with the opportunity to use actual data and develop practical, creative services.

Shinhan Future’s Lab Becoming a Global Accelerator Shinhan Financial Group opened Shinhan Future’s Lab Vietnam in Ho Chi Min City in December 2016, and Shinhan Future’s Lab Indonesia in Jakarta in September 2019, in its efforts to support start-ups across the globe. It also signed a strategic business agreement with Plug & Play, a global start-up accelerator, in November 2019, and plans to enter major markets, including the US and UK, in the near future. Going forward, the Group will continue to provide support for companies fostered by Future’s Labs globally, meeting their international business requirements by opening more overseas bases, and expanding the start-up ecosystem led by Shinhan.

¹⁾ A program which has been implemented pursuant to the Special Act on Innovation Financing Support by the Financial Services Commission. It defers or exempts the application of regulations, including those related to permissions and approvals, on selected services for as long as four years

²⁾ Credit card-based remittance; credit assessment for individual businesses by using their credit card information; small investment linked to consumption and expenditure management; facial recognition payment, real estate monthly rent card payment; and the purchase and giving of overseas equity gift cards through an online platform



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Strengthened Key Digital Capabilities The Group is undertaking a wide range of projects to strengthen its capabilities related to big data and AI that are expected to have significant impacts on the financial industry. It signed an MOU with the Korea Advanced Institute of Science and Technology (KAIST) for industry-academia collaboration in August 2019, and then established the “Shinhan-KAIST AI Finance Research & Development Center”. A team was formed consisting of six KAIST professors on AI, big data, machine learning, and financial engineering, alongside expert staff of Shinhan Financial Group. Team members are undertaking joint research on business issues that will have a direct impact on Shinhan subsidiaries, and the outcomes will actually be reflected in the business of those subsidiaries, including Shinhan Bank and Shinhan Card. In addition, contracts for mutual cooperation on AI have been signed with renowned research institutions in Korea and abroad, including Pohang University of Science and Technology and Element AI of Canada. The Group continues to make substantial efforts to develop a new AI financial algorithm which can make best use of the massive amounts of financial data both inside and outside the Group to provide optimal financial services.

The Group cloud strategy has also been established in order to ensure rapid responses to the Group’s digital transformation, and to improve business agility and infrastructure operational efficiency. The Group will first look to the use of public cloud platform for new services, and will also gradually transform existing services which can make use of the cloud into a hybrid cloud.

2019 was the year in which the Group’s commitment to digital innovation led to tangible results. Shinhan Digital Innovation Institute’s Big Data Lab became the first of its type in the South Korea’s financial industry to publish machine learning research at the Americas Conference on Information Systems. In addition, a Shinhan research paper won the main prize at FISCON 2019, a conference on the protection of financial information hosted by the government-affiliated Financial Security Institute.

Plans for 2020

Evolving into a Mega Platform People are at the center of digital transformation, which is why Shinhan Financial Group is putting the highest priority on customer value in its digital transformation. In 2020, the Group will provide seamless experiences using new technologies, including voice recognition, facial recognition, and location-based services. It will also help its customers by building strong connections between on/offline data-based digital platforms and its offline branches.

The Group will also strive to strengthen its platforms. To this end, it will react effectively to regulatory changes regarding Open Banking and MyData by collecting customer information to offer comprehensive wealth management services throughout a customer’s life. For retail customers, the Group’s comprehensive wealth management will cover personalized asset/loan management, retirement planning, income/expense analysis and surplus fund forecasting. For SOHO clients, the Group will offer specialized mobile services based on sales/cost management, supply chain management, and marketing support.

Using AI/Big Data to Lead the Data Economy According to an article from McKinsey & Company published in 2017, big data is very important in finance because of the vast amounts of data created and retained, which is why the industry plans to invest more than any other in AI over the next three years.

Shinhan Financial Group will use its advanced data analysis to develop outstanding products and services. Competitive products will increase customer inflow, leading to the accumulation of more data, which in turn can be used to create better products and services. In order to build this virtuous cycle of data, the Group plans to launch an integrated “Big Data Platform” and an “Algorithm Sharing Platform”. The Big Data Platform will increase the Group’s understanding of its customers, and how it can use the information, while the Algorithm Sharing Platform will enable the systematic management of major algorithms. Moreover, the overall data analysis capability of the Group will be improved through the open sourcing of algorithms.



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Expanding the Shinhan-centered Digital Ecosystem The Group will expand Shinhan Future's Lab, a leading start-up fostering program in South Korea. It will open bases in major cities in South Korea, including Daejeon and Incheon, in addition to the existing base in Seoul, and will seek strategic collaborations with accelerators overseas in order to advance into major markets, such as Silicon Valley in the US and London in the UK, while expanding its business in existing bases in Vietnam and Indonesia. This will enable the Group to communicate and cooperate with a greater range of companies.

Furthermore, the Group will also expand the Shinhan-centered digital ecosystem into non-financial areas by working together with approximately 200 partners in areas such as travel, food, and mobility. In addition, the Group will share its top-tier APIs which will enable it to develop a distinctive financial service platform for everyday life.

IT Modernization The Group will modernize its IT system in order to achieve digital transformation and improve work efficiency. It will adopt an ICT infrastructure based on new technologies, including Unix to Linux (U2L), Container, and Micro Service Architecture (MSA), and implement a cloud-first strategy for new services, with the goal of improving its business agility and accelerating the pace of development. In addition, an intelligent security control system, based on AI and big data, will be introduced to strengthen security incident response systems and increase operational efficiency. An AI-based intelligent call center will increase efficiency at call centers, and working hours will be reduced through the intelligence robotic process automation (RPA).

Rebuilding the Organizational Culture In order to compete against big tech and fintech companies, and stay ahead of the curve for the future growth, it is vital to recruit and train people with both financial business capabilities and digital skills. Shinhan Financial Group has therefore defined a Group-wide model for digital talent, based on which it will provide training to strengthen the digital skills of all Group staff. There will be a common mobile training platform throughout the Group offering a wide range of content, from introductory courses to top-level professional training. The Group will thus commit the resources needed to build an environment in which its employees can acquire digital knowledge and develop their digital skills.

The Group is developing a more creative organizational culture in response to the fast-changing market environment. It is expanding its agile organization systems, currently applied only in digital and ICT units, to major departments and other business units. In addition, it is supporting the company-in-company (CIC) system in the digital sector, and encouraging a culture in which innovation is driven by the freedom to try something new, and to fail if necessary, until innovative success is achieved.



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Real Estate Business

The Group Real Estate Business Line is a matrix organization which outlines the vision for the Group's real estate activities, sets out strategies, and ensures collaboration at the Group level.

Key Figure

2019

Group Real Estate Business Line, newly launched in 2019

Key Performances in 2019

Asia Trust became Shinhan Financial Group's 15th subsidiary in May 2019, enabling the Group to have full coverage across the entire real estate lifecycle. In order to maximize collaboration and synergy within the Group, the Group Real Estate Business Line was set up as a shadow matrix organization. It consists of three management structures – the Real Estate Strategy Committee, the Real Estate Finance Council, and the WM Real Estate Business Council. The Group's focus in 2019 was on building the internal frameworks to lead the real estate market in South Korea.

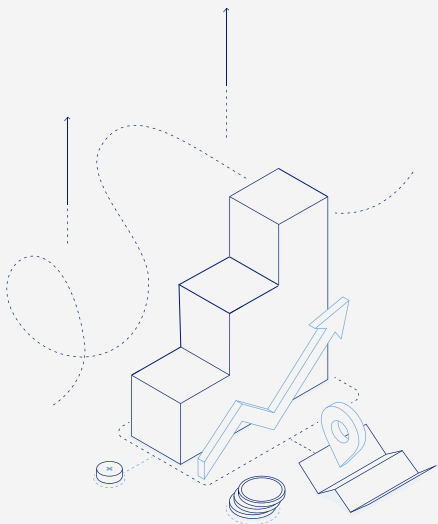
Real Estate Strategy Committee The Real Estate Strategy Committee is the top consultative body of the real estate business, and is led directly by the Group CEO and attended by CEOs of all relevant subsidiaries, as well as the heads of the GIB and WM Divisions. At these meetings that are held twice a year, the Committee sets out the vision for the real estate business and establishes strategic directions at the Group level. It also reviews the outcomes of Group collaboration.

Real Estate Finance Council The Real Estate Finance Council is in charge of sharing information about real estate-related deals which require collaboration within the Group. It is also responsible for identifying and executing deals which may be enabled by effective collaboration. The real estate finance sector continues to achieve strong performance despite weak growth in the overall financial sector. Relevant Shinhan subsidiaries therefore discuss ways to run their businesses more efficiently and to generate synergy. Held once a month, the Council shares information on trends in the real estate finance market, and discusses the broader picture for collaboration. It operates a working-level employee council every other week to discuss deals in detail.

WM Real Estate Business Council The WM Real Estate Business Council formulates new real estate strategies for targeting WM customers and other high-net-worth individuals, and discusses how to train experts in real estate. This enables the Council to provide comprehensive real estate services to WM customers, including advisory, brokerage, and wealth management.

Plans for 2020

Upgrading the Real Estate Finance Platform The Group will improve its platform in order to lead the real estate finance market. Channels within the platform for gathering information on deals will be expanded through the Real Estate Finance Council, with Shinhan Bank's Real Estate Finance Department performing a central role. The information collected will then be centralized, and responsibilities will be divided between subsidiaries. There will be a clear focus on preventing the Group's capabilities from being dispersed through lack of collaboration for deals of larger scale that may require public offerings and bidding.



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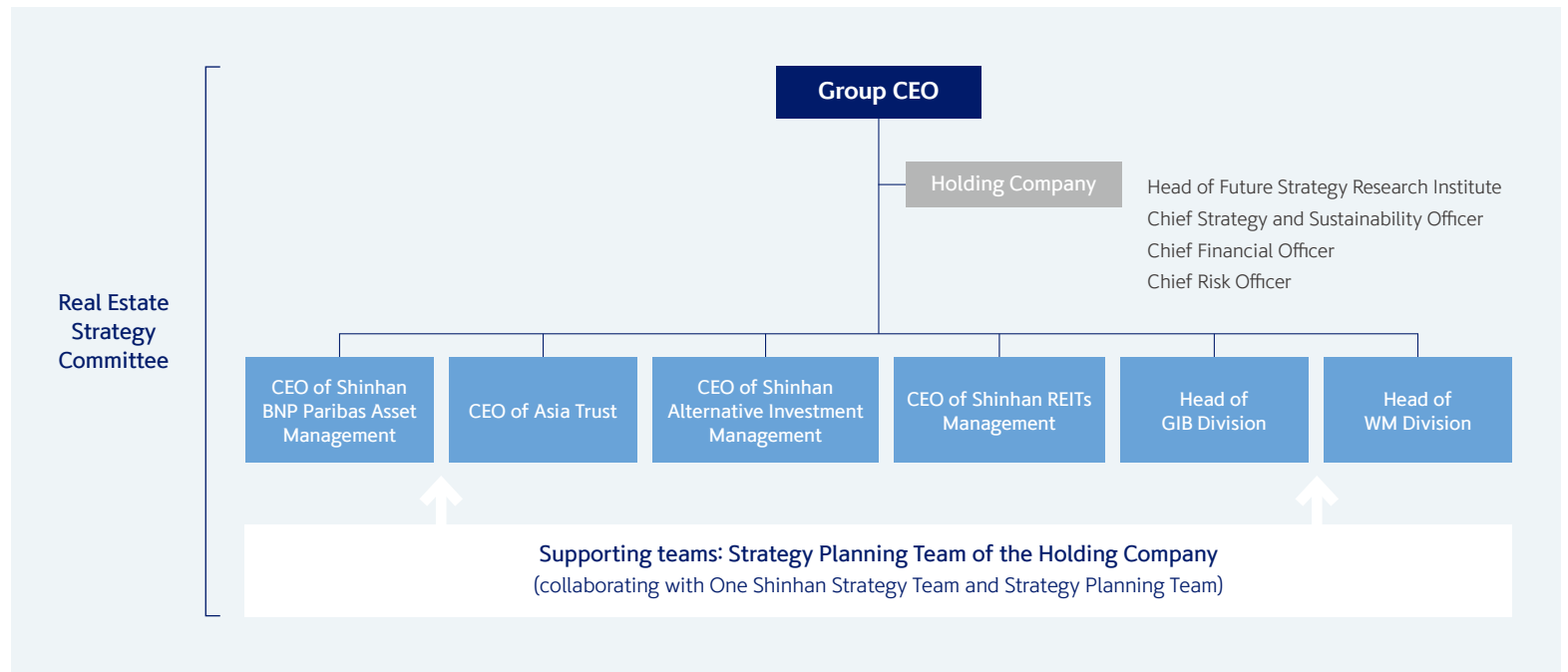
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Maximizing Synergies in Real Estate Finance The Group will increase collaboration and thus maximize revenues through the Real Estate Finance Council. It will identify financial business opportunities that occur throughout the entire real estate business lifecycle, from project planning to implementation, lot sales and management, and systematize Group-wide collaboration. In doing so, it will make real estate finance a future growth driver of the Group.

Building a Reputation in the Real Estate Market The Group is moving beyond just being a financial institution which provides traditional real estate finance services, and is building a reputation as a business partner. It will actively seek partnerships with major developers in South Korea to work on projects from the early phases. Continuing successes in this area will help Shinhan Financial Group strengthen its reputation as a reliable business partner in the real estate market.

Leading the Real Estate Finance Business The Group will offer innovative products which will create a paradigm shift in real estate finance by targeting the retail sector. In particular, the Real Estate Finance Council and the WM Real Estate Business Council will work together to develop a wide range of products which satisfy customer requirements and maximize revenue.

Strategic Committee Organization





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Retail Banking

Despite difficult market conditions, Shinhan Financial Group achieved outstanding quantitative and qualitative growth in retail banking driven by its commitment to excellence and customer-centered management.

Key Figure

No. 1

Highest number of new active customers among commercial banks in South Korea

Key Performances in 2019

The domestic business environment remained challenging throughout 2019 due to a new apartment price ceiling system, tighter regulations on real estate loans, lower benchmark interest rates, and other regulatory changes. 2019 also saw the emergence of Internet-only banks and open banking services.

The Group's Retail Banking Division therefore focused on expanding its customer base and sales of strategic products such as real estate and car loans, resulting in stable and profitable growth. In particular, the Division was able to add more customers by launching "My Salary Club". This new platform has redefined what it means to be a salary earner, so that the same benefits offered to full-time workers receiving salary through direct deposits to their Shinhan Bank accounts can be offered to anyone who has an income, including housewives, part-time workers, and retired pensioners.

In addition, the Division has substantially expanded its digital operations, including the quick and easy receipt of smart documents, a online application process for collective loans, mobile branches, and digitalized marketing activities. Some branches were closed or merged in order to increase efficiency and productivity in retail operations.

Outperformed Growth Targets In 2019, Shinhan Bank launched a wide range of products and services aimed at expanding its customer base, including "My Salary Club" and "First Salary DREAM Installment Savings". As a result, the number of active customers increased by 280,000 to 10.32 million. Shinhan Bank was thus able to achieve both qualitative and quantitative growth, including an increase in core deposits, such as low cost funding, and growth in household loans.

Thanks to increases in active customers, credit card and merchant payment accounts, and household deposits from My Salary Club, as well as stable inflows of funds from public organizations, core deposits grew by KRW 8.6 trillion year-on-year. Considering that the growth target set out at the beginning of the year was KRW 4.5 trillion, the Bank has outperformed its target by 190%.

Shinhan Bank also concentrated on marketing activities for employees at large companies through the Total Marketing Complex, and expanded both face-to-face and non-face-to-face business, resulting in a net increase of KRW 9.5 trillion in household loans. As a result, the Bank grew more in 2019 than any other commercial banks in South Korea.

Created Social Value through Finance Shinhan Financial Group has defined its mission as "Compassionate Finance, Your Companion for the Future", and is making efforts to create a better society through finance. In particular, the Group continues to offer such specialized financial products as the New Hope Spore Loans, targeting low-income people. As a result of these efforts, in 2019 Shinhan Bank became the first commercial bank in South Korea to win the Financial Services Commission Chairman's Award in the small loan category at the Finance Day ceremony.



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Plans for 2020

In 2020, the Retail Banking Division will overcome the challenging business environment at home and abroad by building on the growth it achieved in 2019. It will also concentrate on digital transformation, and accordingly pursue such strategic directions as building a hyper-personalization marketing system, pioneering new markets based on platforms, and developing smart sales methods.

In addition, the Division will strive to get closer to its customers by continuing to recruit and train top-quality personnel for roles which cannot, and should not, be replaced by digital technology. In particular, it will upgrade its customized marketing platform “MIDAS System”, and use the “My Wealth” integrated mobile wealth management service to support marketing activities and improve operational efficiency at branches, so that its sales personnel focus more on customer management.

Building a Hyper-personalization Marketing System Shinhan Financial Group will upgrade its customer management in terms of systems, organization, and skills. With regards to improving its wealth management, it will upgrade the MIDAS System, and will also reform the customer allocation and its “Tops” system to enable greater focus on customer management. In addition, management of deposit maturities will change from face-to-face management to a non-face-to-face system, according to customer choice. Tailored products and services

reflecting the needs of each customer will be offered using alliance services, and a marketing system allowing seamless movement between online and offline channels will be built in collaboration with the Bank’s digital departments.

Pioneering New Markets Based on Platforms The Group will leverage the Shinhan Plus, its Group-wide joint marketing platform, so that customers of other subsidiaries can also become customers of Shinhan Bank. The Group will also develop new businesses, and focus on pioneering new platforms through external alliances.

Developing Smart Sales Methods In order to grow its asset base while remaining focused on a strong ROA, the Group will concentrate on strategic products, including apartment loans, unsecured personal loans for customers with strong credit, and MY CAR loans. It will put additional efforts into managing apartment loans, focus on winning business from employees of major companies, and expand digital marketing to increase the number of unsecured personal loans made to customers with strong credit ratings. There will be more marketing activities for MY CAR loans by strengthening dealer network involving the MY CAR loan agreement, and by increasing the proportion of convertible loans. In addition, the Group will use its mobile branches to digitalize counter work, and expand the scope of its mobile process in order to achieve cost reductions and innovate its sales channels.

Strategies for 2020

STRATEGIC GOAL

**Creative innovation
for “Excellence”
in retail banking
services**

STRATEGIC DIRECTIONS



Customer-centric

Build a hyper-personalization marketing system



Market-leading

Pioneer new markets based on platforms



Innovation-driven

Develop smart sales methods

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Corporate Banking

Based on its strong execution capability supported by excellence in corporate banking, Shinhan Financial Group is making the utmost effort to achieve stable growth and shape the future of finance.

Key Figure

No. 1

Selected as a leading bank in supporting SMEs

Key Performances in 2019

Shinhan Financial Group's Corporate Banking Division established its strategic goal for 2019 as "Challenging for the T.O.P. – a quantum growth for an unrivaled corporate banking service provider", in order to overcome a challenging business environment and achieve strong growth. Accordingly, it set out three strategic directions in support of this goal – good growth at core business areas; profitable and sustainable growth; and differentiated growth for the future.

Good Growth at Core Business Areas The Group focused on its core markets, including mid-cap, audited, and non-audited corporations in order to maintain strong growth momentum based on its high-quality assets. Top quality SMEs were the main targets of marketing, and as a result, Shinhan Bank ranked first among commercial banks in terms of increases in KRW loans to SMEs in the first quarter of 2019. In addition, the Group has improved the customized services offered to its corporate clients at each stage of their growth, which led to the number of SME clients with more than KRW 100 million in loans reaching 47,859, making Shinhan Bank the leader in the South Korea's commercial banking sector. Thanks to these achievements, the Bank received a Presidential Citation at the "24th SME Venture Financial Support" awards ceremony, and also earned the Minister of SMEs and Startups Citation at the "2019 Joint Growth Week Event" ceremony.

Profitable and Sustainable Growth The Corporate Banking Division makes continuous efforts to secure stable revenue structure in order to achieve sustainable growth. In 2019, the Division undertook a range of collaborative marketing activities targeting SMEs and mid-cap companies, for example through collaboration within communities, referrals from other business divisions, and synergy among Group subsidiaries.

It also signed agreements with external organizations, including the Ministry of SMEs and Startups, the Ministry of Trade, Industry and Energy, and the Korea Institute for Advanced Technology. In addition, it improved its comprehensive profit-based loan support system with an aim to ensure efficient asset management and better profitability, and also segmented non-interest income, including FX/derivatives and trust/retirement pension. The Division also achieved smart growth in its assets by diversifying its revenue structure based on an increase in core deposits, such as low cost funding.

Differentiated Growth for the Future In efforts to lead the market, the Corporate Banking Division continued to provide financial support to SMEs with only traditional loans, but also through various financial support tools, including long-term loans based on credit analysis of both financial and non-financial information¹⁾, equity investments, and the other forms of non-financial services. It offered the "Shinhan Success Do Dream Intellectual Property Right' Secured Loan", which uses intellectual property (IP) rights as security, and also focused on supporting innovative growth. To this end, it identified promising businesses connected to the Fourth Industrial Revolution and provided them with preemptive support. In addition to increasing financial support for ventures and start-ups with outstanding technologies, the Division helped SMEs and mid-cap companies enhance their competitiveness by facilitating its M&A advisory platform.

¹⁾ Non-financial information of a corporation, such as CEO's profile, company history, and technology value



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Plans for 2020

The Corporate Banking Division will respond to the increased uncertainties and competition in its business environment, and remain a leader through outstanding innovation. To this end, it has set its strategic goal for 2020 as “Creative solution provider embodying “Excellence” in corporate banking services”, and will implement the following strategic directions in support of this goal – improving business fundamentals, customer-centered joint growth, and differentiated growth for the future market.

Improving Business Fundamentals In 2020, the Division will increase the portion of high-quality assets from loans for SMEs, while continuing to strike the right balance between risk and profitability. The newly-created Project & Relationship Manager (PRM) Team will target blue-chip companies, and will collaborate with the Retail Relationship Managers (RRM) to provide customers with the best financing solutions. The Division will also expand its customer base through the effective management of long-term customers.

Customer-centered Joint Growth In order to grow alongside its customers, the Division will expand its provision of corporate banking solutions, and increase its support for innovative start-up companies. It will also strengthen support for IB loans and expand its consulting services.

In innovative finance, the Division will increase its marketing activities in technology finance, property-secured loans, IP-secured loans, relationship banking, social finance, and support for companies in key materials, parts, and equipment sectors. It will also fulfill its social responsibilities by expanding the “Do Dream” program, which encourages financial inclusion by supporting individual businesses. In doing so, the Division will both maximize customer value and continue to lead Shinhan’s on-going growth and success.

Differentiated Growth for the Future Market Continuing efforts will be made to develop a competitive edge in the markets of the future. Customer-centered, open corporate banking platforms will be built to improve digital competitiveness in corporate banking, including a CMS marketing portal and Web CMS. The Division will strengthen its digital-based customer relationship management, including through the “SoLive” and “Spurt System”, and also will form alliances with other businesses to offer products and services which meet customer requirements. Moreover, it will offer a wide range of choices for employee training programs for those dedicated to develop a career in corporate banking and become a leader in the future this sector.

Strategies for 2020

STRATEGIC GOAL

**Creative solution provider
embodying “Excellence”
in corporate banking
services**

STRATEGIC DIRECTIONS



Improve business fundamentals



Customer-centered joint growth

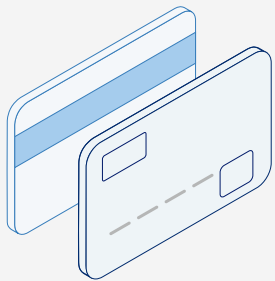


Differentiated growth for the future market



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Credit Card

Shinhan Card is moving beyond the limitations of the credit card business and exploring new opportunities based on its direction of hyper-connection, hyper-expansion, and hyper-cooperation.

Key Figure

No. 1

Shinhan Card's market share in South Korea

Key Performances in 2019

Shinhan Card has been diversifying its business portfolio in response to the ongoing tightening of government regulations on the credit card industry and the changes in markets and customers caused by the entry of digital companies and platform providers into the financial industry. 2019 was the first year to see practical outcomes from these efforts. In addition to having the largest market share in its credit card business, Shinhan Card earned revenues across a range of other businesses, from both home and abroad. Its installment finance assets exceeded KRW 5 trillion. Moreover, the Financial Services Commission designated Shinhan Card as the provider for five innovative financial services eligible for the benefits under "regulation sandbox", which is a government-led scheme aimed at encouraging business innovation by relieving companies from relevant regulations. Services as innovation financing services, enabling the company to have the greatest number of services chosen in the financial industry. Services selected included "My Remittance" for credit-based remittances and "My Credit" individual business credit assessment service.

Strong Foundations for New Growth In 2019, Shinhan Card built foundations for new growth through "New Vision – Connect more, Create the most", outlining its commitment to limitless connection and cooperation, as well as the "Deep FOCUS Strategy", which is re-examining the potential scope of customers and expanding business accordingly. There are now more than 25 million members of Shinhan Card's integrated services, and more than 5 million units of the hyper-personalized, tailored "Deep Dream" card have been issued. In installment finance, where Shinhan Card has invested heavily to ensure better asset portfolio diversification, the company has solidified its position in the market's top three, with assets exceeding KRW 5 trillion. In addition, Shinhan Card has accelerated its expansion into a multi-finance company by unveiling new finance, rental, and fee-based products which meet a wide range of customer requirements in their daily lives.

The "Shinhan PayFAN" payment and life platform now has 11.5 million subscribers and annual payments of over KRW 10 trillion, thanks to its ability to develop and deliver services which have evolved from the customer perspective. These services include "MySHOP" which now connects more than 3 million customers and merchants, "Timeline" which displays a customer's payment history at a glance, as well as "Touch Payment" and "Face Pay" which enables payments without a credit card.

Global Growth Shinhan Card achieved significant growth in its overseas income in 2019, with some KRW 20 billion in net income being generated, based on the successful launch of Shinhan Vietnam Financial Company (SVFC). Going forwards, Shinhan Card's overseas subsidiaries located in four countries – Vietnam, Kazakhstan, Myanmar, and Indonesia – will continue to strive towards their combined goal of generating 10% of the amount of revenues made by the businesses in South Korea.



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Enhanced Brand Value Thanks to its achievements in 2019, Shinhan Card won the “Presidential Award for Digital Management Innovation in Korea”. It also became the first financial company in South Korea to achieve a triple crown in brand value evaluation, and ranked 7th among the “Top 100 Brands in Korea”. Shinhan Card has received recognition for its brand value across business, not just in credit cards. The number of Facebook followers is one index which can be used to determine the interest of younger generations, and Shinhan Card has 1.3 million followers, highest number among financial companies in South Korea. The company also received many awards for its advertising, branding and digital business, and continues to develop into one of the most-trusted financial brands.

Plans for 2020

In 2020, Shinhan Card will continue to implement its Deep Strategy in order to widen its business scope, and to accelerate its journey to become part of the financial digital ecosystem. Following the 2018 Deep Change strategy, which focused on fundamental internal improvements, and 2019 Deep Focus, which re-defined the scope of customers and further expanded the business, Shinhan Card’s strategic direction in 2020 will be “Deep WAVE”. Shinhan Card will continue to lead trends and share its distinctive customer experiences throughout the entire market.

“Excellence, Shinhan” & One Shinhan “Excellence, Shinhan” is a keyword that will open the door to a new future for Shinhan Financial Group as a world-class financial group. To be seen by all customers as truly first class, it is not enough for the individual companies to be strong. Instead, all the Group subsidiaries must build one massive ecosystem based on digital technology, and provide the optimal services demanded by customers. This is why “One Shinhan” is the highest priority for Shinhan Card in 2020. Shinhan Card will therefore maintain its leading position in the credit card business, while also seeking to rapidly develop drivers of future growth. In addition, as a member of the Shinhan Financial Group, Shinhan Card will create distinctive value from the perspective of One Shinhan, and make a strong contribution towards achieving “Excellence”.

Winning in the Next Payment Market The most important area of financial digitalization has been the payments market. It is the main business area of Shinhan Card, and is also coveted by many non-financial companies seeking to enter the financial industry for it derives many customers, business partners, and massive amounts of data. In order to compete against fintech companies and Big-Tech platforms, Shinhan Card will undertake innovation centered on its customers throughout the entire payment value chain, including recruitment, product and marketing, and will respond rapidly to new developments in technology including in payment, Bio, and IoT. In addition, the company will maximize payment contact points by working in partnership with other sectors, including ICT, manufacturing and distribution, thereby expanding the scope of the market itself, instead of a zero-sum competition.

Accelerating Growth in the Multi-finance Market Shinhan Card is expanding the scope of its loan business to become a multi-finance provider. It will break down the barriers of card finance and expand its product line-up for each customer. It will also offer products from other companies in areas where Shinhan Card does not have suitable products. As such, Shinhan Card will do its utmost to provide optimal products to the greatest possible number of customers in the most convenient way possible. In auto finance, where Shinhan Card is now one of the top three in the market, it will enhance its platform marketing and advance into new markets. In global markets, Shinhan Card will build a balanced portfolio by prudently expanding key businesses in each country.

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Value Creation through Platform Business In the era of the Fourth Industrial Revolution, digital platform dominance equals market leadership. Shinhan Card will become a game changer in finance by leveraging its existing competitiveness in its payment- and finance-based platforms. With the implementation of “MyData”, customers are now rightful owners of their own data. Shinhan Card will provide its customers with a wide range of support to enable them to optimize their consumption and savings patterns to achieve the most ideal financial planning. Moreover, it will differentiate itself from tech giants and leverage its capabilities as a financial company to provide a digital platform that match the needs of our customers. In particular, it will create value through its platforms by further implementing the use of big data and hyper-personalization, areas in which the company has been ahead of the curve.

Evolving Core Strengths Shinhan Card’s key competencies will be further enhanced to ensure that strategies become practical results through innovation and evolution. Progress will be made from business planning to operational support and corporate culture, thereby achieving leading performance across a range of diversified business areas.

Strategies for 2020

STRATEGIC GOAL



STRATEGIC DIRECTIONS





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Brokerage

Shinhan Investment is the hub for the Group's capital markets business, based on its outstanding research capability, product and risk management, and a customer-centric management philosophy.

Key Figure

No. 1

Industry-leading research capabilities category, Hankyung Business

Key Performances in 2019

In 2019, the securities business was severely threatened by the intensified US-China trade dispute, market instability resulting from sharp fluctuations in stock markets at home and overseas, and difficulties with financial products across the market. Despite these difficult conditions, Shinhan Investment remained competitive based on its "Know Your Customers (KYC)" strategy and other customer-centric management. It also strengthened all of its business units in its efforts to become a top player which offers the best capital market solutions.

As a result, the GIB and GMS Divisions achieved excellent performances, leading to a robust financial growth by the company as a whole. In addition, Shinhan Investment received many outstanding evaluations from external organizations, including ranking first for the fourth consecutive year in the financial investment category of "Most Respected Companies in Korea". It also ranked first for the second consecutive year in the "Korean Standard Service Quality Index", and another first in the securities investment category of the "Korean Sustainability Index".

New Businesses of the Future Shinhan Investment's asset under management (AUM) of in-house hedge fund has exceeded KRW 4 trillion, making it the leader in the industry in Korea. Building on the competitiveness of its bond funds, it is now expanding its scope of business to include alternative assets and equity. It supplies a diverse range of products through its Delta 1 Desk, and also now offers fractional purchasing of overseas shares, the first such product of its type in South Korea, and designated as an innovative financial service by the Financial Services Commission.

Leadership through Innovation in Existing Businesses Shinhan Investment set up a task force team for business process innovation, and digitalized systems that previously required face-to-face customer services. 37 systems, in particular, with the highest number of customer transactions, were made non-face-to-face for greater customer convenience. In a securities sector survey held in the first half of 2019, Shinhan Investment won first place in all categories related to securities firms, research centers, and corporate business. This was recognition for its efforts to strengthen its research, including in domestic and overseas equities and non-brokerage businesses, and thus build on its reputation as a renowned research house. The company also hosted seminars tailored for a range of corporations and organizations, and developed the ETF money market trust sales support system. Thanks to these differentiated financial solutions, Shinhan Investment earned the highest rating in evaluations carried out by the National Pension Service and Korea Post.



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Customer-centric Management Shinhan Investment continued to improve its expertise through the S-hub autonomous learning program for employees, and through its CoP system. It also implemented a customer-centric strategy, such as “KYC”, and as a result, the company ranked first for two consecutive years in the Korean Standard Service Quality Index survey, and was first in the securities category of the Korean Sustainability Index in 2019. In addition, improvements had been made continuously to its mobile trading system (MTS) in order to enable the easy and quick processing of digital services which are frequently used by customers, including wealth management and banking. Thanks to these efforts, “Shinhan i Alpha”, the company’s flagship mobile platform, won the 2019 Asia Smart Trading System Award and the Award for Excellence at the 7th Best MTS Awards.

Certification of Environmental Management Systems Shinhan Investment seeks to minimize its environmental impact by building eco-friendly systems and based on value innovation through resource integration and other environmental management activities. In 2019, the company earned ISO 14001 environmental management certification in recognition of its sustainability management. Going forward, Shinhan Investment will fulfill its social responsibilities through eco-friendly, low-carbon management in line with Shinhan Financial Group’s vision for “ECO Transformation 20-20”.

Plans for 2020

Shinhan Financial Group has been striving to maximize customer value and performance through the One Shinhan Matrix system, and as part of this commitment to excellence, Shinhan Investment is fulfilling its role as the leader for the Group’s capital market activities. In particular, the company undertook a successful capital increase of KRW 660 billion in July 2019, lifting total capital to KRW 4 trillion, thus laying the foundations for Shinhan Investment to become a mega-sized IB.

Shinhan Investment will implement its business plans in 2020 to achieve substantial growth by building a reputation as a mega-sized IB, and by fully establishing itself as the top player in the capital market that provides the best financial solutions. This will enable the company to be the first choice of its customers as well as an expert group that leads a robust growth of Shinhan Financial Group.

Strategic Directions for Substantial Growth First, Shinhan Investment will become a distinctive wealth management house. With the securities business rapidly shifting its focus from brokerage to wealth management, the company will innovate its branches to provide the best in wealth management, and will implement its “KYC” strategy in order provide products which meet customer requirements.

Second, it will unlock its growth potential in WM business by expanding global operations in overseas equities and private investment banking (PIB). It will widen collaboration with other Group subsidiaries, and ensure that it stays well ahead of its competitors as it continues to build its reputation as a renowned wealth management house.

Third, the company will expand its digital business. It will develop innovative mobile platforms for greater customer convenience, and offer differentiated customer experiences through digital-based wealth management operations.

Fourth, it will maintain its market-leading position in the corporate market. It will strive to maintain its top ratings from organizations such as the National Pension Service and Korea Post, and will increase the market share of its international operations with its cutting edge system equipped with an embedded algorithm.

Fifth, Shinhan Investment will increase revenues and grow into a mega-sized IB by upgrading the competitiveness of its employees to the levels required to a major IB. Furthermore, investment decisions will be made with a particular focus on the return on investment (ROI), in order to make investment more efficient.



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Sixth, it will strive for balanced growth in asset management, and support its sales channels by diversifying product supply.

Seventh, it will become a leader in the local securities markets of the countries it has presence in. To this end, its coverage will be expanded through bolstered collaboration with global networks of Shinhan's subsidiaries, and the company will provide support by sourcing various products through its global product center.

Lastly, Shinhan Investment will perform its role as the capital markets hub within the Group by strengthening One Shinhan collaboration.

Strategies for 2020

STRATEGIC GOAL



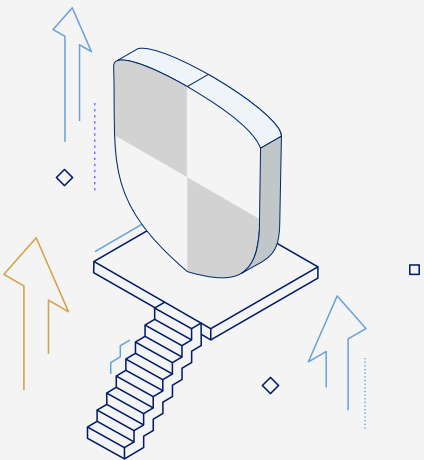
Be the TOP Player!

STRATEGIC DIRECTIONS

<p>01</p> <p>Become a distinctive wealth management house</p>	<p>02</p> <p>Unlock the growth potential in WM business</p>	<p>03</p> <p>Strengthen digital and ICT platforms</p>	<p>04</p> <p>Maintain market-leading position in the corporate market</p>	<p>05</p> <p>Grow into a mega-sized IB</p>
<p>06</p> <p>Strive for balanced growth in asset management</p>	<p>07</p> <p>Become a leader in securities markets around the world</p>	<p>08</p> <p>Improve competitiveness of new businesses for future growth</p>	<p>09</p> <p>Maximize the value of One Shinhan</p>	

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Life Insurance 1. Shinhan Life

Shinhan Life Insurance follows a philosophy of “Compassionate Insurance” and strives to grow alongside its customers by offering a wide range of products and digital services.

Key Figure

227.9 %

RBC ratio as of December 31, 2019

Key Performances in 2019

Shinhan Life Insurance offers its customers a wide range of insurance products and financial services through diversified sales channels, including traditional financial consulting (FC), database marketing (DM) which combines telemarketing and face-to-face sales, general agency (GA), bancassurance, and direct subscription through the internet. The company maintains financial stability through efficient asset liability management (ALM). It provides policy loans, unsecured loans, and secured loans, and realizes strong rates of return through the management of securities, including equities, bonds and derivatives. More recently, it is strengthening collaboration with the GIB and GMS Divisions to increase its investment capabilities.

The insurance market in 2019 remained difficult due to the fast-changing business environment, tightened regulations on consumer protection, and the planned implementation in 2022 of new accounting standards – IFRS 17 and Korea Insurance Capital Standards (K-ICS), which are already bringing about fundamental changes in the insurance industry. Shinhan Life Insurance’s strategic goal for 2019 was “Basic to Innovation 2019”. Under this slogan, the company focused on three major strategic tasks – profit-centered operations and enhanced sales efficiency, ALM-centered asset management and financial soundness, and improved infrastructure to build the foundations for future growth.

Enhanced Profitability and Efficiency Shinhan Life Insurance focused its sales operations on the future value of insurance premiums by concentrating on high-profitability products and increasing the volume of sales. In particular, it has expanded low-to-mid price protection-type policies which both meet customer demand at a time of increasing life expectancy and also remain profitable for the company. As a result, the portion of these policies out of total policy sales rose from 29.4% in 2018 to 31.4% in 2019.

Financial Soundness Shinhan Life Insurance has responded to negative spreads by incurring profits through asset rebalancing. It has also enhanced its ALM management capabilities and taken measures to respond to the new capital adequacy measures, such as K-ICS, in its efforts to ensure financial soundness.

Infrastructure for Future Growth Shinhan Life Insurance has launched the “Digital WHealth Care” service, a mobile application that provides a combination of health care and wealth management services. This digital platform enhances customer value by providing information on protection-type products and investments, suggesting healthy menus, giving information about health check-ups, and offering a real estate price inquiry service. The company remains committed to recruiting and training the best talent, for example by fostering female leaders and by providing customized sales manager training. It has also improved the competitiveness of its insurance business by identifying and executing the “New Life Integration Tasks” for seamless integration with OrangeLife.

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Plans for 2020

Growth of the insurance market is forecast to be limited in 2020 due to the continuing economic downturn, tightened regulations, and industry changes. Also, consumer rights and interests will be further protected through stricter regulations such as the enactment of the Financial Consumer Protection Act and a comprehensive audit system. Other major challenges facing the insurance industry in Korea are being prepared for the adoption of the IFRS 17 and K-ICS. In sales, GAs still have greater influence than full-time consultants, and competition with non-life insurance companies is expected to intensify. Digital-based services are expanding, and fintech companies are threatening existing insurance markets. Opportunities are also expected to emerge from the changing landscape of the insurance industry. In particular, with insurance companies permitted to enter the health management service business from 2020, there will likely be new business opportunities for insurance companies.

Against this backdrop, Shinhan Life Insurance will successfully achieve the Group’s strategic direction towards achieving “Excellence”, the company’s mid-term goal of becoming a “Leading Company”, and its “One Life” initiative with regards to the integration with OrangeLife. To this end, the company’s strategic goal for 2020 is “One LIFE 2020 towards Excellence”. It will pre-emptively respond to the rapidly-changing business environment by successfully completing its strategic and integration tasks, and will also offer its customers the best in innovative products and services.

Enhancing Customer Value Shinhan Life Insurance aims to develop market-leading products and further enhance its sales capability. It will therefore improve its management of existing customers while expanding customer base. It will also undertake better product positioning based on customer segmentation, and develop growth-driven individual business models and support plans for each sales channel.

Increasing the Efficiency of Asset Management Shinhan Life Insurance will increase its capital in order to be flexible in the management of its capital and to strengthen its financial soundness. It will aim to improve the profitability of its asset management, and ensure optimal asset allocation based on ALM. While concerns have been raised with regards to the financial soundness of the insurance industry upon the introduction of K-ICS, the company will respond preemptively by reducing the asset-liability duration gap and by upgrading its risk management system.

Strengthening Future Growth Drivers Shinhan Life Insurance will increase its sales by collaborating with Group subsidiaries as it accelerates the implementation of “One Life, New Life”. There will be corporate-wide digital transformation, and a more sophisticated digital marketing will be made possible with advanced big data analysis. Shinhan Life Insurance will also undertake strategic cost reductions, while fulfilling its corporate social responsibilities by working in partnership with the Group to create a larger environmental and social value.

Strategies for 2020

STRATEGIC GOAL

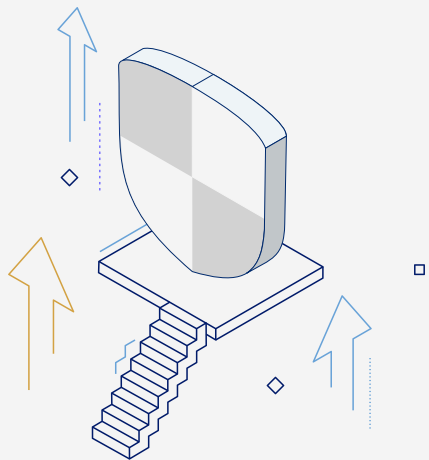
**One LIFE
2020 towards
“Excellence”**

STRATEGIC DIRECTIONS

 Sales (Customer, Product, Channel) Enhance customer value by building sales capability	 Financial Soundness & Risk Management Increase the efficiency of asset management through financial soundness	 Sustained Growth Strengthen future growth drivers to create new value
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REVIEW OF OPERATIONS

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- Corporate Banking
- Credit Card
- Brokerage
- Life Insurance**
- Asset Management



Life Insurance 2. OrangeLife

OrangeLife is evolving into an innovative company by building on 30 years of its global heritage and through the agile way of working.

Key Figure

420.6 %

RBC ratio as of December 31, 2019

Key Performances in 2019

Since its establishment as the Korean subsidiary of the Internationale Nederlanden Groep in 1991, OrangeLife has continued its growth while contributing to the advancement of the Korean insurance sector with its global expertise. In particular, OrangeLife’s capital strength, as seen in its 2019 year-end RBC ratio of 420.6%, sets the company apart from other life insurance companies, many of whom are struggling to increase capital in response to the new solvency standards. It has established itself as a leading insurance company, thanks to its full-time financial consultant (FC) channel staffed by the industry’s top experts, global standard business management and IT systems, and its rapid responses to changing markets through an “agile” organization. In 2019, OrangeLife built the foundations for stable growth by embarking on a new beginning as a member of Shinhan Financial Group.

Strategy for Sustainable Growth Centered on Embedded Value

OrangeLife is building the foundations in order to respond preemptively to rapid changes in the insurance industry by implementing strategies for sustainable growth with a particular focus on embedded value. The company also sought to achieve optimal balance among its key value drivers – growth, profitability, efficiency, and risk & capital management. In 2019, the company has set a new mid-term strategy, named “CPC strategy”, which places focus on customers, product sand channels to take another leap forward over the next three years until the adoption of the new accounting and capital standards – IFRS 17 and K-ICS.

1. Customer



With regards to customers, in 2019 the company reviewed its internal systems and methodologies relating to customer retention, and reorganized them to be more customer-centered, with the goal of building a better sales environment for upselling through a more detailed analysis of its customers. In addition, the company strived to secure a wide network of customers with strong purchasing power by continuing digital innovation to its platforms, including its OMNI sales platform.

2. Product



For products, OrangeLife made continuous efforts to deliver innovative developments. Launched in February 2019, dementia insurance attracted strong customer inflows and helped cross-sales. The “New Low CSV Orange Whole Life Insurance”, a product designed to reduce premiums and cancellation fees, also attracted many customers. As a result of continued sales focus on high-margin protection products, that also meet customer requirements, they now comprise more than 60% of total product sales. There were other efforts made to improve the products offered to customers. For example, the company launched of a new mobile channel, made alliances with a range of third party platforms, and the released a mini accident insurance product to better reflect customer demand.

3. Channel



Across its sales channels, OrangeLife focused on improving productivity. In the key FC channel, the company strengthened sales capabilities by developing sales tools for full-time FCs. It also supported active FCs by establishing new sales models and systematically managing new FCs. As a result, the productivity of active FCs increased by 17.3% year-on-year, based on the number of new accounts. Given that the regulatory reforms surrounding the general agency (GA) channel is yet to be finalized, the company plans to will seek continued growth backed by its capital strength. The bancassurance (BA) channel is concentrating on variable and foreign currency-denominated products, and is continuing to follow growth strategies centered on profitability.

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The company maintained its policy of strong returns for shareholders, paying out dividends equivalent to 62.4% of the company’s profits after tax in 2019 and purchasing KRW 50 billion worth of treasury stocks by leveraging its financial soundness and capital strength. Moreover, the agile organizational structure, which OrangeLife adopted in 2018, is now generating tangible outcomes, including the launch of “Today with OrangeLife”, an OMNI platform which connects customers with FCs around the clock, reduces product development time, and improves policy persistency ratios. It has also resulted in an agile culture in which all employees are fully committed to innovation.

Plans for 2020

OrangeLife believes that the introduction of the new accounting and capital standards will be a good opportunity for the company to increase its value by differentiating itself from its peers with its strong capital as well as its unique and innovative competitiveness. In 2020, the company’s management seeks to achieve “Sustainable growth through innovation”. It will therefore focus on improving all customer experiences, including customer lead-in, management, and claims payment, rather than quantitative growth. It will simplify its organization, strategies, products, services, and processes in order to better serve its customers, and will put into place innovative strategies from the perspective of digital, productivity, and integration.

Strategies for 2020

Digital for Customer Value OrangeLife is committed to creating customer value through digital innovation. Instead of merely digitizing existing business, the company will use digital technology to fundamentally strengthen its insurance business, and to overcome any limitations of the analog era. In particular, it will create mobile-centered innovation across all areas of its business, including platform alliances, product sales, and customer communications and management.


Productivity Steering OrangeLife will efficiently allocate its resources for growth, and will strive for improvements in productivity and implement cost reforms to eliminate fixed costs which were previously taken for granted. The FC sales model has been successful for the last 20 years but is now seeing growth limitations due to tighter regulations and a changing socio-economic environment. The company will therefore enhance the competitiveness of the FC channel by building a strong product portfolio and by expanding its business scope through its the data platform.

Beyond Integration OrangeLife is determined to create greater value through integration. It will create new growth and increase shareholder value after its integration with Shinhan Life Insurance by bringing together the knowledge, strength, and experience of both companies. OrangeLife was incorporated into Shinhan Financial Group on February 1, 2019, and became a 100% wholly-owned subsidiary as a result of a share swap with Shinhan Financial Group on January 28, 2020. OrangeLife will contribute to the overall growth of the Group through innovation, making its organization more agile, and creating new synergies in collaboration with other Group subsidiaries.


STRATEGIC GOAL

Simplicity for Scale


STRATEGIC DIRECTIONS



Digital for customer value



Productivity steering



Beyond integration

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Asset Management

Shinhan BNP Paribas Asset Management offers a wide range of customer-tailored investment solutions as the asset management hub for Shinhan Financial Group.

Key Figure

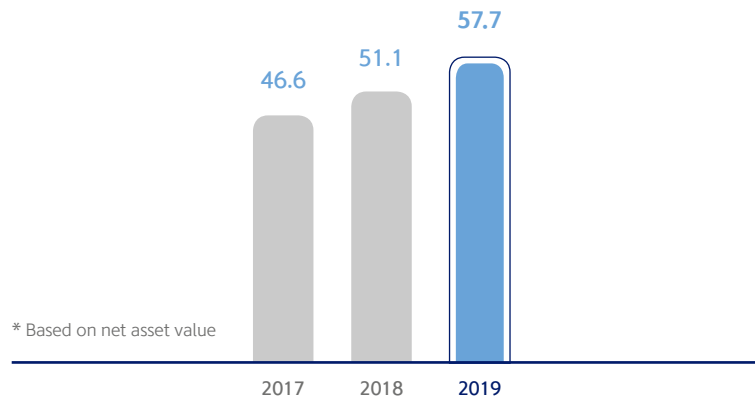
12.9 %

Year-on-year growth of AUM

* Based on net asset value

Assets Under Management

(Unit: KRW trillion)



* Based on net asset value

Key Performances in 2019

The philosophy of Shinhan BNP Paribas Asset Management (AM) is to become its customers' most trusted long-term investment provider, based on a wide range of investment solutions and the highest levels of expertise. Guided by this philosophy, the company provides its domestic and international clients with traditional products such as equities and bonds, structured products such as derivatives and ELFs, and alternative investment products such as real estate, mezzanine, and infrastructure investments. As of the end of 2019, it manages a total of KRW 57.7 trillion worth of assets, including discretionary investment assets, and, in terms of net assets, it ranks fifth out of the approximately 240 asset management firms in South Korea.

Continued Growth In traditional equity investments, Shinhan BNP Paribas AM has increased domestic equity fund assets by increasing rates of return on large-cap stocks as well as offering small- and medium-cap stock funds. In bonds, it has continued to attract institutional funds based on its excellent management performance. The target dated fund (TDF) retirement pension product maintained its leading position in the industry. In addition, the company has diversified the revenue structure of its underlying assets with an aim to increase customer returns. The company also solidified its industry-leading position through its effort towards new product development, including structured products.

Shinhan BNP Paribas AM offered customized solutions to its customers through solution-based investment strategies and expertise, in its effort to diversify strategies for future growth. It created the "Product Strategy Center" to develop and manage flagship products, and continued to offer competitive products, which in turn led to increased rates of return on funds.



REVIEW OF OPERATIONS

One Shinhan

Global Business

Group & Global Investment Banking

Wealth Management

Global Markets & Securities

Retirement Pension

Digital Banking

Real Estate Business

Retail Banking

Corporate Banking

Credit Card

Brokerage

Life Insurance

[Asset Management](#)

In 2019, Shinhan BNP Paribas AM saw an outstanding performance from its outsourced CIO (OCIO) business, which it first entered in 2018. In collaboration with BNP, the company improved its asset allocation capabilities, which, in turn, led to the improvement its OCIO business and an increase in the amount of funds under management. In alternative investments, the company solidified its strategic foundations and offered a wide range of products to its customers.

Shinhan BNP Paribas AM also focused on creating tailored investment solutions for retail customers who wish to pursue a medium-risk, medium-return strategy. It launched the “Shinhan BNPP Covered Call Mild Fund”, which offers more stability than regular covered call funds. It also released a hybrid fund which pursues more profits than market rate by investing in the shares of Korea’s leading companies, government and other public bonds, and investment-grade corporate bonds. In addition, the company has reached KRW 1 trillion in net assets for its “Shinhan BNPP H2O Global Bond Securities Investment Trust”, which was launched at the end of 2018 in partnership with H2O Asset Management.

Expanded in Global Markets Shinhan BNP Paribas AM strengthened its capabilities in global asset allocation in partnership with BNPP MAQS. It has also met the overseas investment requirements of its institutional investors by launching a wide range of funds of funds, in collaboration with Fund Quest. In addition, the company has continued to increase the volume of its overseas investments by sourcing alternative assets, and by launching ESG funds and infrastructure funds.

Plans for 2020

Volatility in financial markets is forecast to increase in 2020. Furthermore, with returns from traditional investments being limited and customers continuing to prefer safer assets, demand for absolute return and alternative investments will likely increase. Shinhan BNP Paribas AM will establish investment strategies and develop products in line with this trend, and will strengthen its role as the asset management platform for Shinhan Financial Group and reinforce its position as the industry’s leader in comprehensive asset management. To this end, it has recategorized its business units into three areas – key business, new business, and HR & systems – and has set out three strategic directions for 2020. Shinhan BNP Paribas AM will continue to focus on creating a better future for its customers, and will strive to further increase investor trust.

Major Strategic Tasks First, Shinhan BNP Paribas AM will strengthen its market position in pensions and continue to create One Shinhan value. It will collaborate with Group subsidiaries to discover opportunities in its OCIO business, and will look for new growth by increasing the volume of its equity-type business, enabling it to be selected as a pension fund manager by more investors.

Second, the company will offer products which stay ahead of the market. It will collaborate with FundQuest Advisor to discover outstanding overseas funds, and strengthen its Product Strategy Center in order to increase rates of return for customers through product excellence and enhanced follow-up management functions.

Third, the company will strive to improve its competitiveness in alternative assets. It will expand deal sourcing and scope of services in order to harness opportunities in alternative investments, while strengthening related risk management. In addition, collaboration between Group subsidiaries will increase the brand value of the company by enabling it to provide tailored alternative investment products to its retail customers.

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Fourth, Shinhan BNP Paribas AM will expand its asset allocation solution business in partnership with MAQS. It will improve its investment processes and investment strategies by making its research organization more efficient, and thus solidify its leading position.

Fifth, the company will increase retail sales by strengthening external channel sales through better networking, and by facilitating strategic funds.

Sixth, it will promote digital transformation by adding digital channels and building a digital platform, and then using these online channels to strengthen customer communications and increase the number of customer contact points.

Seventh, the company will fully support the creation of sustainable value by enhancing its ESG systems. It will implement advanced global standard sustainability initiatives, and expand its ESG-related investments.


Lastly, it will overhaul its evaluation and compensation systems in order to build a dynamic and performance-based organizational culture.

Strategies for 2020

STRATEGIC GOAL

Change and growth

STRATEGIC DIRECTIONS

 <p>Enhance key business capabilities</p> <p>Equity-type, global, and retail</p>	 <p>Expand into new business</p> <p>Pension, alternative investment, asset allocation, OCIO</p>	 <p>Upgrade HR and systems</p> <p>Evaluation & compensation, HRD, and corporate culture</p>
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

2019 in Review

Group Overview

In 2019, Shinhan Financial Group generated KRW 3,403.5 billion in consolidated net income attributable to equity shareholders. This was an increase of 7.8% over the previous year's KRW 3,156.7 billion, and was the highest consolidated net income since the establishment of Shinhan Financial Group. The Group has built the foundations for stable revenues through the consistent implementation of the "2020 S·M·A·R·T Project" since 2017, and has maintained a continued upward trend in net income for six consecutive years thanks to balanced growth in the banking and non-banking sectors.

Interest income rose 5.1% year-on-year thanks to profitability-oriented asset growth, mainly led by Shinhan Bank and Shinhan Card. Non-interest income went up by 32.4% as a result of an increase in insurance-related income, and additional fees and commissions income after OrangeLife became a subsidiary.

General and administrative (G&A) expenses has been managed at a stable level under the Group's cost reduction policy based on its Digital Transformation strategy. The Group also strives to increase operational efficiencies. through early retirement programs. Credit losses were also stable as a result of systematic and preemptive risk management, contributing considerably to the improvement in Group profitability.

The 2020 S·M·A·R·T Project produced tangible results in 2019. In Korea, OrangeLife became a subsidiary in February, followed by Asia Trust in May, and the Group also established Shinhan AI in January, 2020 to provide AI-based investment advisory services, thus diversifying revenues in the non-banking sector. Overseas, the Group acquired the Prudential Vietnam Finance Company (PVFC) and then launched Shinhan Vietnam Finance Company, thus striving to achieve balanced growth in global markets.

In addition, the Group's focused efforts to enhance competitiveness in the global and capital markets led to financial outcomes and strengthened the Group's growth foundation. Shinhan Bank's global operations generated a net income of KRW 370.2 billion in 2019 thanks to strong performances in Vietnam and Japan. This translates to 15.9% of its total net income. In capital markets, both the GIB Division and the GMS Business Division maintained solid growth and contributed significantly to the Group's performance.

Shinhan Bank recorded a net income of KRW 2,329.2 billion, an increase of 2.2% compared to the previous year, mainly attributable to strong loan growth, which resulted in an increase in interest income, and stable credit cost management. Despite merchant fee reductions in early 2019, Shinhan Card achieved a net income of KRW 508.8 billion, similar to the previous year. Net income of Shinhan Investment was KRW 220.8 billion, down 12.1% as a result of a weaker performance in proprietary investments, while Shinhan Life Insurance's net income was KRW 123.9 billion, down 5.5% compared to the previous year. OrangeLife, which became a Group subsidiary in 2019, recorded a net income of KRW 160.6 billion (after reflecting ownership by the Group), contributing to the growth of the Group's non-banking income.

Shinhan Financial Group has continued to enhance shareholder value while maintaining stable financial fundamentals. After the Group's first KRW 200 billion share buyback in September 2018, a second buyback of KRW 400 billion was completed in May 2019. In February 2019, the Group improved its capital ratio by issuing convertible preference shares totaling KRW 750 billion through third-party allocation. These treasury shares and convertible preference shares were utilized in the comprehensive share swap between the Group and OrangeLife, which took place in January, 2020 to buy the remaining shares of OrangeLife. As a result, OrangeLife became a wholly-owned subsidiary of Shinhan Financial Group. In addition, the Group set the common equity dividend for fiscal year 2019 at KRW 1,850, an increase of KRW 250 compared to the previous year. As such, the Group made continuous efforts to improve ROE and enhance shareholder value through higher dividends, M&As, and share buybacks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

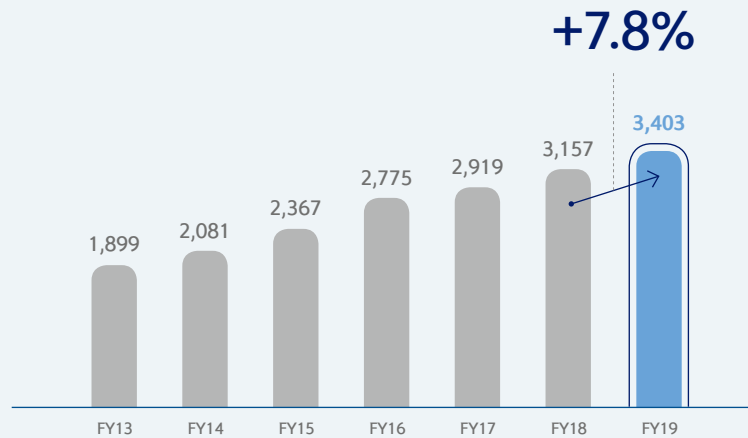
Income

Asset Growth

Asset Quality

Capital Adequacy

Group Net Income (KRW billion)



Income

Group Income

The Group generated KRW 3,403.5 billion in consolidated net income attributable to equity shareholders, the highest figure since its establishment. Despite a decrease in net interest margin (NIM), interest income rose by 5.1% year-on-year to KRW 8,001.0 billion driven by profitability-oriented asset growth and stable funding.

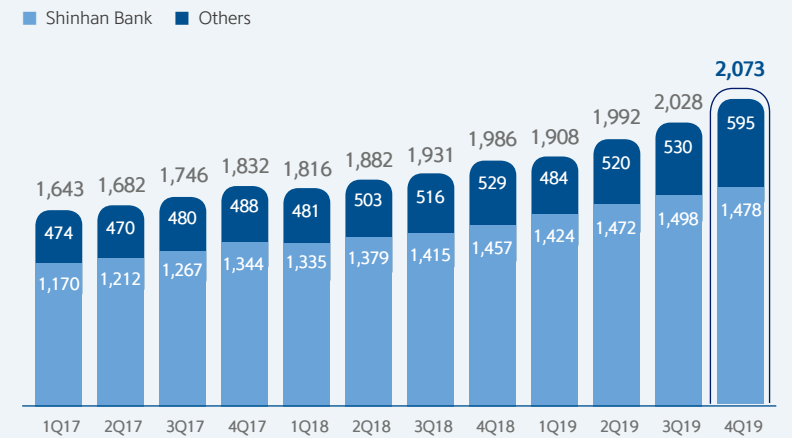
Total non-interest income went up by 32.4% to KRW 3,130.7 billion as a result of OrangeLife and Asia Trust becoming subsidiaries and a rise in fees and commission income. G&A expenses rose by 8.3% over the previous year to KRW 5,134.7 billion, also as a result of the acquisitions of OrangeLife and Asia Trust. When the effect of the acquisitions is excluded, G&A expenses increased only 3.4%, being managed at an appropriate level. The cost-to-income ratio was stable at 46.1%, and total provision for credit losses rose by 28.7% year-on-year to KRW 950.8 billion, which implies a credit loss ratio that was stable at 0.30%.

Group Income (KRW billion)

	FY19	FY18	YoY %
Operating Income (a=b+c)	11,131.7	9,979.6	11.5
Interest Income (b)	8,001.0	7,615.3	5.1
Non-Interest Income (c)	3,130.7	2,364.3	32.4
G&A Expenses (d)	5,134.7	4,741.6	8.3
Pre-Provision Operating Income (e=a-d)	5,999.7	5,238.0	14.5
Non-Operating Income (f)	-137.4	-32.8	n.a.
Pre-Provision Income (g=e+f)	5,862.3	5,205.2	12.6
Provision for Credit Losses (h)	950.8	738.6	28.7
Earnings before Income Tax (i=g-h)	4,911.5	4,466.6	10.0
Income Tax	1,269.1	1,268.3	0.1
Consolidated Net Income ¹⁾	3,403.5	3,156.7	7.8

Note 1) Net income in controlling interest

Group Interest Income (KRW billion)



MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

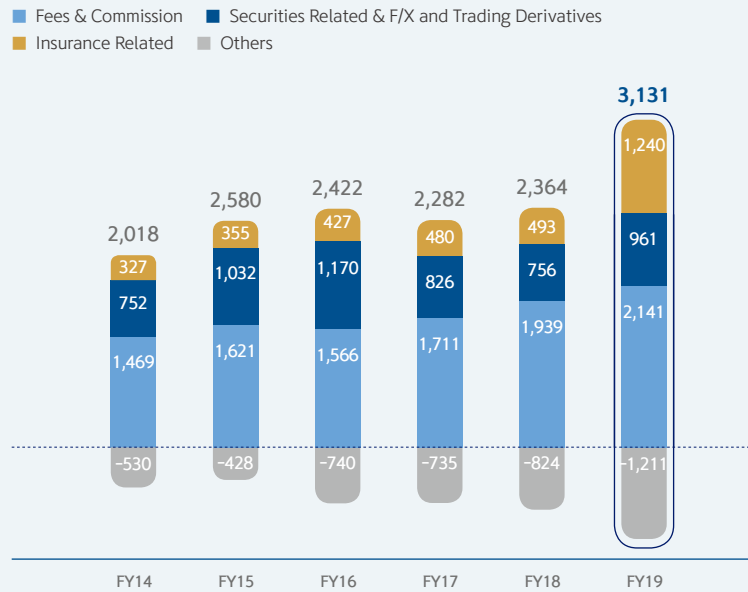
Income

Asset Growth

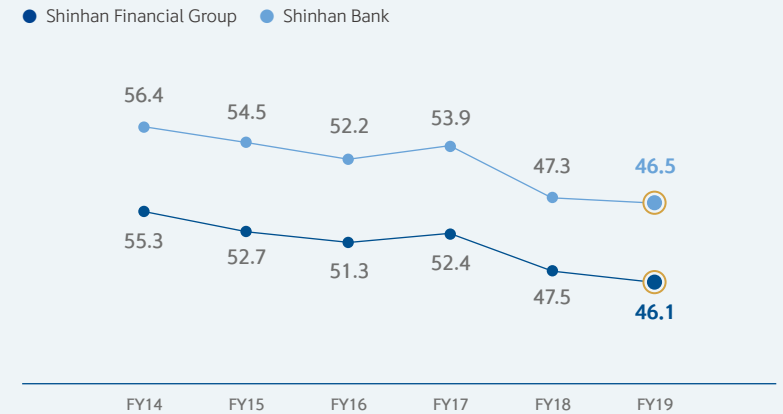
Asset Quality

Capital Adequacy

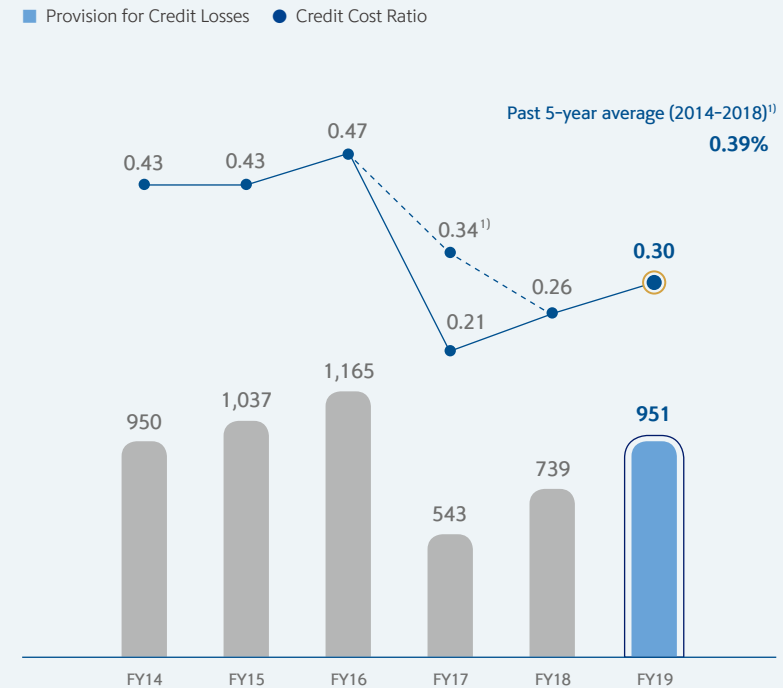
Group Non-Interest Income (KRW billion)



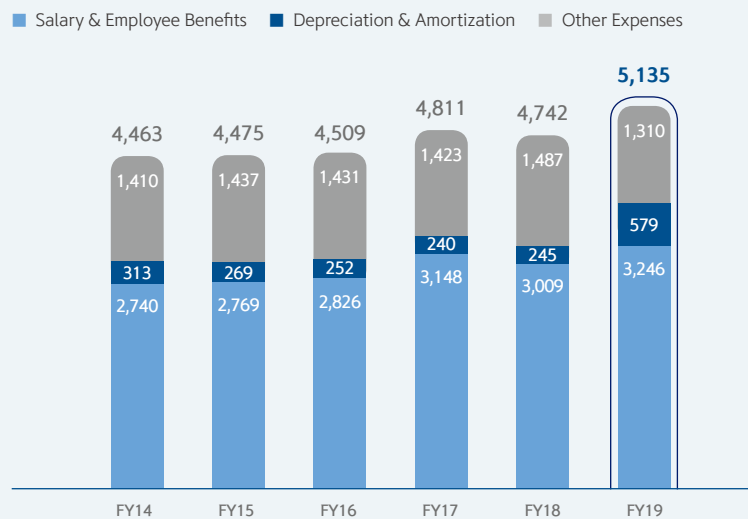
Group and Shinhan Bank's Cost Income Ratio (%)



Group Credit Costs (KRW billion, %)



Group G&A Expenses (KRW billion)



Note 1) Excluding write-backs from Shinhan Card

MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

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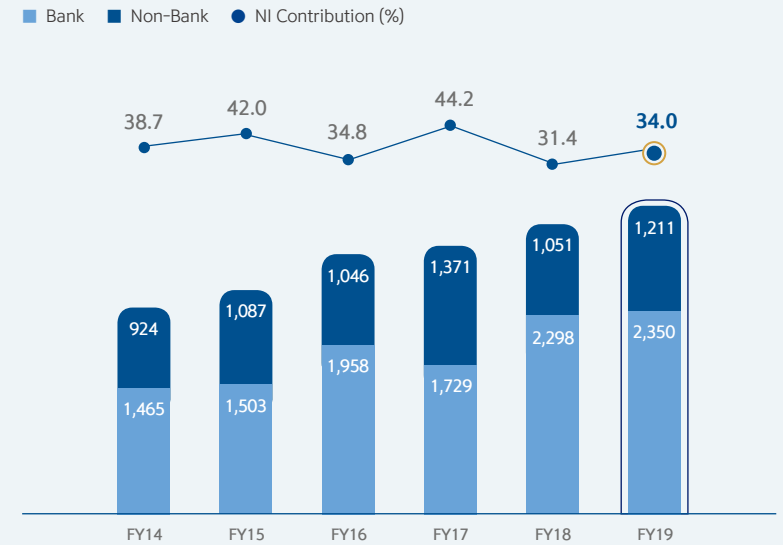
Group Subsidiaries Income

In 2019, Shinhan Financial Group produced tangible results from the 2020 S·M·A·R·T Project, and strengthened its non-banking business by acquiring OrangeLife and Asia Trust. In addition, the Group continued to implement the One Shinhan strategy through its matrix organizational system, to which Pension and Real Estate business was newly added.

Group Subsidiaries Income (KRW billion; and reflecting SFG ownership)			
	FY19	FY18	YoY %
Bank (a)	2,350.2	2,297.9	2.3
Shinhan Bank	2,329.2	2,279.0	2.2
Jeju Bank	21.0	18.9	11.5
Non-Bank (b)	1,211.2	1,050.7	15.3
Shinhan Card	508.8	519.4	-2.0
Shinhan Investment	220.9	251.3	-12.1
Shinhan Life Insurance	123.9	131.0	-5.5
OrangeLife Insurance	160.6	-	n.a.
Shinhan BNPP AM	15.0	12.3	22.4
Shinhan Capital	126.0	103.4	21.9
Shinhan Savings Bank	23.1	19.4	19.3
Asia Trust	10.7	-	n.a.
Shinhan DS	2.1	1.3	57.8
Shinhan AITAS	10.8	8.4	27.9
Shinhan Credit Information	0.5	1.4	-63.6
Shinhan Alternative Investment	2.1	-0.8	n.a.
Shinhan REITs Management	7.4	3.6	108.0
Shinhan AI	-0.7	-	n.a.
Total (a+b)	3,561.5	3,348.6	6.4
Consolidated Net Income ¹⁾	3,403.5	3,156.7	7.8

Note 1) Net income in controlling interest

Net Income Contribution by Non-Bank Subsidiaries²⁾ (KRW billion)



Note2) After reflecting ownership by SFG

Shinhan Bank In 2019, Shinhan Bank generated a net income of KRW 2,329.2 billion, an increase of 2.2% compared to the previous year. Interest income rose by 5.1% year-on-year, thanks to stable asset growth, and despite a fall in the NIM due to base rate cuts in Korea. Non-interest income rose by 0.3% year-on-year, mainly attributable to increased fees and commissions in the trust and IB sectors. G&A expenses increased 2.6% year-on-year, thanks to strategic cost reductions and aided by the Group's digital transformation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

Income

Asset Growth

Asset Quality

Capital Adequacy

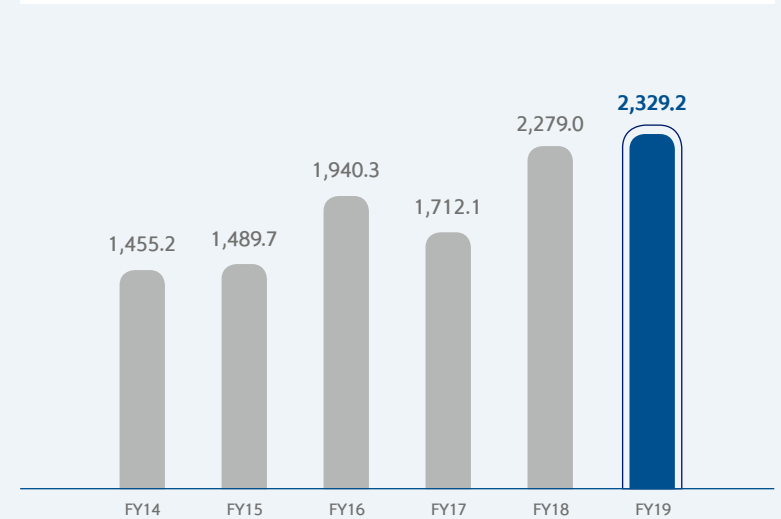
Shinhan Bank Income		(KRW billion)	
	FY19	FY18	YoY %
Operating Income (a=b+c)	6,757.0	6,468.6	4.5
Interest Income (b)	5,871.7	5,586.0	5.1
Non-Interest Income (c)	885.3	882.6	0.3
G&A Expenses (d)	3,142.4	3,061.8	2.6
Pre-Provision Operating Income (e=a-d)	3,614.6	3,406.8	6.1
Non-Operating Income (f)	-186.4	-18.3	n.a.
Pre-Provision Income (g=e+f)	3,428.2	3,388.5	1.2
Provision for Credit Losses (h)	351.3	242.1	45.1
Earnings before Income Tax (i=g-h)	3,076.9	3,146.4	-2.2
Income Tax	747.6	867.0	-13.8
Net Income ¹⁾	2,329.2	2,279.0	2.2

Note 1) Net income in controlling interest

The Bank's interest income rose by 5.1% year-on-year to record KRW 5,871.7 billion, despite a decrease in NIM, mainly attributable to SME loan growth. Non-interest income also increased by 0.3% over the previous year to record KRW 885.3 billion, backed by a rise in commissions and fees income, including trust fees and IB commissions.

G&A expenses have been managed at a stable level, recording an increase of 2.6% to KRW 3,142.4 billion. The Bank is making continuous efforts to manage its expenses from a mid- to long-term perspective through consistent implementation of early retirement programs. It recorded provision for credit losses of KRW 351.3 billion, which converts to a credit cost ratio of 0.14%, an exceptionally low figure. Shinhan Bank is striving to maintain the downward trend and stabilization of credit losses based on an advanced risk management system.

Shinhan Bank Net Income (KRW billion)



Shinhan Card Shinhan Card recorded a net income of KRW 508.8 billion in 2019, down 2.0% compared to the previous year. The merchant fee reduction in early 2019 was balanced out by increases in sales, strategic cost reductions, and efforts to diversify revenues, including in installment finance and global operations.



MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

Income

Asset Growth

Asset Quality

Capital Adequacy

Shinhan Card Income		(KRW billion)	
	FY19	FY18	YoY %
Operating Revenue (a)	3,894.6	3,753.9	3.7
Card Business	2,953.5	2,960.9	-0.3
Installment Finance	134.8	110.0	22.5
Lease	187.4	126.5	48.1
Others	619.0	556.4	11.2
(Derivatives & FX)	163.8	152.2	7.6
Interest Expense (b)	499.5	430.7	16.0
G&A Expenses (c)	702.2	703.0	-0.1
Commission & Other Expenses (d)	1,454.0	1,452.4	0.1
(Derivatives & FX)	129.5	116.3	11.4
Pre-Provision Income (e=a-b-c-d)	1,238.9	1,167.7	6.1
Provision for Credit Losses (f)	562.2	466.4	20.5
Earnings before Income Tax (g=e-f)	676.8	701.3	-3.5
Income Tax	167.7	183.5	-8.6
Net Income ¹⁾	508.8	519.4	-2.0

Note 1) Net income in controlling interest

The Card's business recorded a similar level of income to the previous year, with the decrease in merchant fee income being offset by a higher volume of credit purchase transactions and qualitative improvements in the transaction portfolio. Operating revenue from both installment finance and lease witnessed high levels of year-on-year growth thanks to the expansion of the operating lease and long-term car rental businesses. Other sources of revenue also grew significantly, as a result of an increase in non-member loan financial products and overseas business.

Interest expense rose by 16.0% year-on-year to KRW 499.5 billion, attributable to increased borrowings due to the growth in transaction volumes, despite a decrease in lending rates. G&A expenses fell by 0.1% to KRW 702.2 billion thanks to company-wide efforts for cost savings, despite one-off costs of KRW 16.1 billion due to early retirements. Commission and other expenses fell as a result of reductions in commissions paid on credit cards. Provision for credit losses rose by 20.5% year-on-year, mainly attributable to increase in product assets and an internal adjustment in provisioning standards, which went effect in January, 2019.

Shinhan Investment Shinhan Investment recorded a net income of KRW 220.9 billion in 2019, down 12.1% compared to the previous year. Although IB and proprietary trading achieved solid growth, losses from valuations related to prime brokerage service (PBS) and reduced income from stock brokerage and sales of financial products led to the decrease in company-wide income.

Shinhan Investment Income		(KRW billion)	
	FY19	FY18	YoY %
Operating Revenue	882.9	959.1	-8.0
Fees & Commissions	508.8	506.7	0.4
Proprietary Trading	476.0	321.4	48.1
Others	-102.0	131.0	n.a.
Operating Expenses	643.4	624.3	3.1
G&A Expenses	521.6	500.3	4.2
Commission Expenses	123.2	113.5	8.6
Provision for Credit Losses	-1.3	10.5	n.a.
Operating Income	239.4	334.8	-28.5
Net Income	220.9	251.3	-12.1
Net Capital Ratio (%)	1,248%	797%	451%p
ROE ²⁾	5.9%	7.6%	-1.8%p
ROA ²⁾	0.7%	0.9%	-0.2%p

Note 2) ROE and ROA are calculated on a cumulative basis



MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

Income

[Asset Growth](#)

Asset Quality

Capital Adequacy

Fees and commissions income decreased by 9.8% compared to the previous year, to KRW 444.8 billion. IB income from acquisition and arrangement commissions rose, but stock brokerage income and financial product sales were weak. Proprietary trading income rose by 48.1% as a result of strong performances in equity and fixed income, currency, and commodity (FICC). G&A expenses rose by 4.2% to KRW 521.6 billion, attributable to increased payroll and incentive payments resulting from performance improvements of trading departments.

Shinhan Life Insurance Net income of Shinhan Life Insurance fell by 5.5% compared to the previous year, to KRW 123.9 billion. Mortality & morbidity margins decreased due to an increase in claims paid, and lower levels of new business caused a reduction in expenses margins. Investment margins rose, however, thanks to increases in dividend yields and securities-related income.

Shinhan Life Insurance Income (KRW billion)			
	FY19	FY18	YoY %
Insurance Operating Margins	223.4	287.5	-22.3
Expenses Margins	177.0	231.3	-23.5
Mortality & Morbidity Margins	46.4	56.2	-17.5
Investment Margins	-9.6	-93.8	n.a.
Other Margins	-15.9	-12.3	n.a.
Earnings before Income Tax	197.9	181.4	9.1
Income Tax	74.0	50.4	46.7
Net Income	123.9	131.0	-5.5

OrangeLife Insurance OrangeLife became a subsidiary of Shinhan Financial Group in February 2019. It recorded a net income of KRW 271.5 billion in 2019, down 39.8% from the previous year. Expenses margins increased as the effect of one-off payments made in 2018 – stock-based compensation expenses and expenses related to bonuses given to employees after the decision has been made to be acquired by Shinhan Financial Group – were eliminated. Investment margins decreased due to declining reinvestment rates of return caused by lower market interest rates.

OrangeLife Insurance Income (KRW billion)			
	FY19	FY18	YoY %
Insurance Operating Margins	372.8	288.8	29.1
Expenses Margins	222.2	141.6	56.9
Mortality & Morbidity Margins	150.7	147.2	2.3
Investment Margins	42.6	106.1	-59.9
Other Margins	-30.4	17.9	n.a.
Earnings before Income Tax	385.1	412.9	-6.7
Income Tax	113.6	101.6	11.8
Net Income	271.5	311.3	-12.8

Asset Growth

Group Asset Growth

The Group's total consolidated assets at the end of 2019 stood at KRW 552.4 trillion, up 20.2% compared to the previous year. Total assets, including invested assets, increased by 26.8% to reach KRW 765.1 trillion. Group assets grew through the acquisition of OrangeLife and Asia Trust as part of the Group's strategy to expand its non-banking business, and through organic growth in existing businesses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

Income

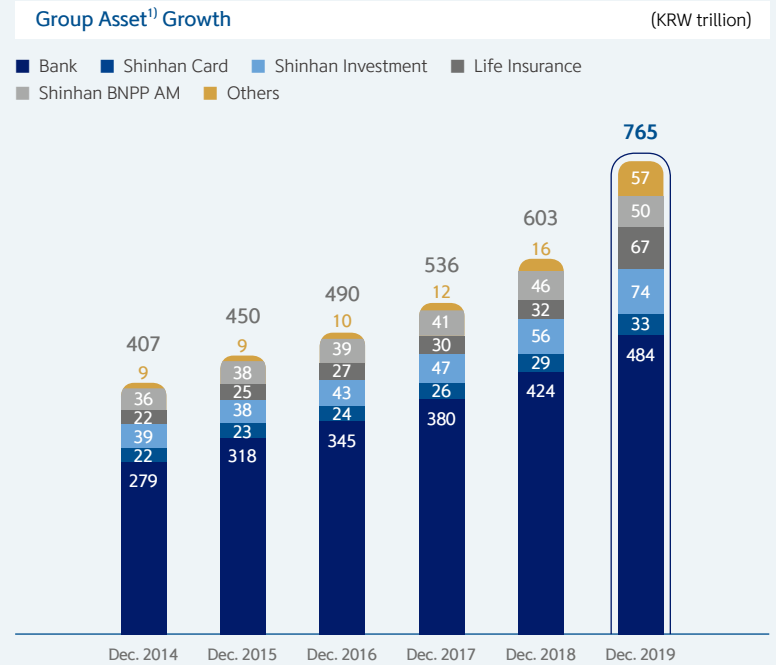
Asset Growth

Asset Quality

Capital Adequacy

Group Asset Growth		(KRW billion)	
	FY19	FY18	YTD %
Bank	483,644.9	423,928.2	14.1
Shinhan Bank	477,289.6	417,947.3	14.2
Jeju Bank	6,355.3	5,980.9	6.3
Non-Bank	278,401.9	175,787.8	58.4
Shinhan Card	32,917.9	29,429.5	11.9
Shinhan Investment	73,589.7	55,703.6	32.1
Shinhan Life Insurance	34,133.6	31,823.6	7.3
OrangeLife Insurance	32,841.4	-	n.a.
Shinhan BNPP AM	50,466.9	46,165.7	9.3
Shinhan Capital	7,566.4	6,116.6	23.7
Shinhan Savings Bank	1,602.9	1,454.3	10.2
Asia Trust	36,560.7	-	n.a.
Shinhan DS	89.1	43.1	106.8
Shinhan AITAS	77.1	65.7	17.3
Shinhan Credit Information	25.3	24.4	3.8
Shinhan Alternative Investment	4,114.3	1,211.6	239.6
Shinhan REITs Management	1,071.6	801.3	33.7
Shinhan AI	42.4	-	n.a.
Others	3,302.6	2,948.6	12.0
Total ¹⁾	765,085.7	603,453.5	26.8
Consolidated Total Assets	552,419.6	459,600.5	20.2

Note 1) Trust A/C of Shinhan Bank, Jeju Bank, Shinhan Investment, Asia Trust and AUM (including ordinary discretionary assets) of Shinhan BNPP AM, Shinhan Alternative Investment, Shinhan REITs Management are included



Note 1) Trust A/C of Shinhan Bank, Jeju Bank, Shinhan Investment, Asia Trust and AUM (including ordinary discretionary assets) of Shinhan BNPP AM, Shinhan Alternative Investment, Shinhan REITs Management are included

Group Subsidiaries Asset Growth

Shinhan Bank

Loans Total value of Shinhan Bank's loans in KRW as at the end of 2019 stood at KRW 225.0 trillion, up 7.4% year-on-year. The Bank has maintained its pace of growth in profitability-oriented assets through balanced growth between its retail and corporate sectors, thereby contributing substantially to the interest income of the Bank and the Group.

In 2019, retail loans in KRW rose by 9.0% year-on-year to reach KRW 115.9 trillion. Although the increase in mortgage loans was limited to 1.2% due to tighter government regulations on the real estate industry, increases in *jeonse* loans and high profile unsecured personal loans led to overall growth in retail loans.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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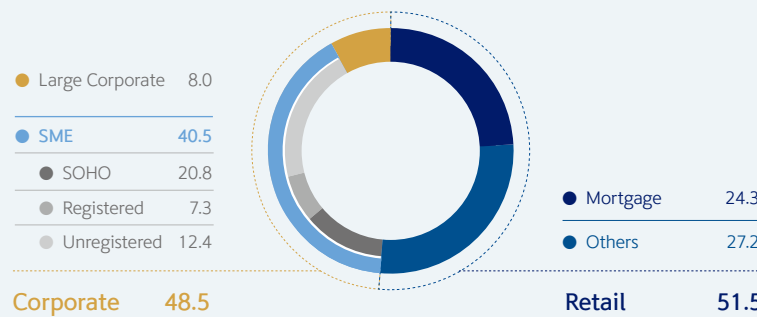
Capital Adequacy

Corporate loans in KRW went up by 5.7% to KRW 109.1 trillion. Loans to SMEs increased by 7.3% year-on-year, as a result of the implementation of a growth and profitability strategy focused on loans to unaudited SMEs and SOHOs.

Shinhan Bank Loans (KRW billion)			
	Dec. 2019	Dec. 2018	YTD %
Loans in KRW	225,002	209,568	7.4
Retail	115,875	106,304	9.0
Mortgage	54,605	53,935	1.2
Others ¹⁾	61,270	52,369	17.0
Corporate	109,127	103,264	5.7
SME	91,162	84,972	7.3
SOHO	46,785	42,664	9.7
Large Corporate, etc.	17,965	18,292	-1.8
Loans in FX	10,779	7,807	38.1

Note 1) Including unsecured personal loans, secured loans, *jeonse* loans, etc.

Shinhan Bank Loan Composition (%)

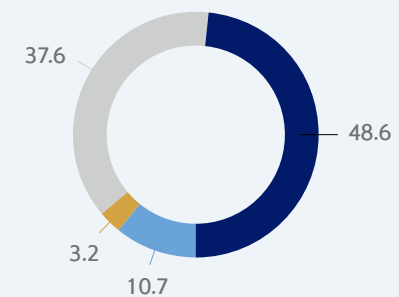


Deposits Shinhan Bank's deposits in KRW recorded KRW 233.0 trillion at the end of 2019, up 11.8% year-on-year. Lower market interest rates led to a surge in low-cost deposits. In addition, Shinhan Bank was selected as the main depository bank for the Seoul Metropolitan Government for four years from 2019 to 2022. As a result, there were substantial increases in time deposits and low-cost deposits, with deposits by the Seoul Metropolitan Government in 2019 totaling around KRW 4.2 trillion – low-cost deposits of KRW 1.8 trillion and time deposits of KRW 2.4 trillion.

Shinhan Bank Deposits (KRW billion)			
	Dec. 2019	Dec. 2018	YTD %
Total Deposits in KRW	232,997	208,349	11.8
Low-Cost Deposits	101,700	92,950	9.4
Demand	30,455	28,455	7.0
Savings	71,245	64,495	10.5
Time Savings	131,297	115,399	13.8
Time Deposits	122,073	106,684	14.4
Accumulative, etc.	9,225	8,715	5.8
Certificate of Deposits	8,602	8,603	-0.0
Debentures in KRW	28,813	23,814	21.0

Shinhan Bank Funding Composition (%)

● Time Savings ● Debentures ● CDs ● Low-Cost Deposits





MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

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Asset Growth

Asset Quality

Capital Adequacy

Shinhan Card

Number of Members The number of active cardholders of Shinhan Card recorded 12.7 million at the end of 2019, up 1.4% compared to the previous year. Its number of merchants also rose by 3.5% to 2.9 million. As Korea's leading credit card provider, Shinhan Card focuses on qualitative rather than quantitative growth. It is diversifying its earnings by increasing the number of its digital-based cardholders and merchants, and building partnerships in major alliance markets.

Number of Active Card Customers and Merchants (Thousand)			
	Dec. 2019	Dec. 2018	YTD %
Effective Cardholders	12,667	12,495	1.4
Merchants	2,909	2,810	3.5

Assets Shinhan Card's earning assets stood at KRW 30.2 trillion at the end of 2019, up 10.7% year-on-year. Credit purchases rose by 8.3% thanks to increases in mobile and online payments, while card loans also increased by 7.7%. Lease assets increased by 37.0% on the back of the expansion of the long-term car rental business and additional lease assets at overseas subsidiaries. As such, the company is making continuous efforts to diversify its range of business.

Shinhan Card Operating Assets (KRW billion)			
	Dec. 2019	Dec. 2018	YTD %
Earning Assets	30,180	27,254	10.7
Credit Purchase	15,184	14,015	8.3
Cash Advances	1,864	1,986	-6.2
Card Loans	6,761	6,276	7.7
(Re-aged Loan)	269	239	12.7
Installment Finance	3,212	2,671	20.3
Lease, etc.	3,159	2,306	37.0

Funding Shinhan Card's total funding was valued at KRW 21.7 trillion at the end of 2019, up 13.9% from the previous year. The company continues to diversify its funding portfolio according to market conditions, including by issuing debentures, ABS and CPs. It also manages liquidity risk by diversifying the maturity dates of its funding.

Shinhan Card Funding (KRW billion)			
	Dec. 2019	Dec. 2018	YTD %
Earning Assets	21,670	19,033	13.9
Debentures	14,945	14,112	5.9
ABS	3,357	2,556	31.3
CP	1,850	1,665	11.1
Others	1,518	700	116.9

Shinhan Investment

The value of Shinhan Investment's total assets at the end of 2019 recorded KRW 37.4 trillion, up 28.9% compared to the previous year. Securities assets rose by 35.3% as a result of an increase in holdings of debt securities, while loans went up by 9.5% owing to increases in loans secured against stocks and loans related to IB transactions.

Shinhan Investment Total Asset (KRW billion)			
	Dec. 2019	Dec. 2018	YTD %
Total Assets	37,375.5	28,987.2	28.9
Cash and Cash Equivalents	709.0	259.8	172.9
Deposit	1,911.7	2,301.2	-16.9
Securities	26,670.0	19,718.5	35.3
Derivatives	677.7	316.2	144.3
Loans	4,583.1	4,186.6	9.5
Tangible Fixed Assets	139.3	122.9	13.3
Others	2,685.0	2,082.0	29.0

MANAGEMENT'S DISCUSSION AND ANALYSIS

2019 in Review

Income

Asset Growth

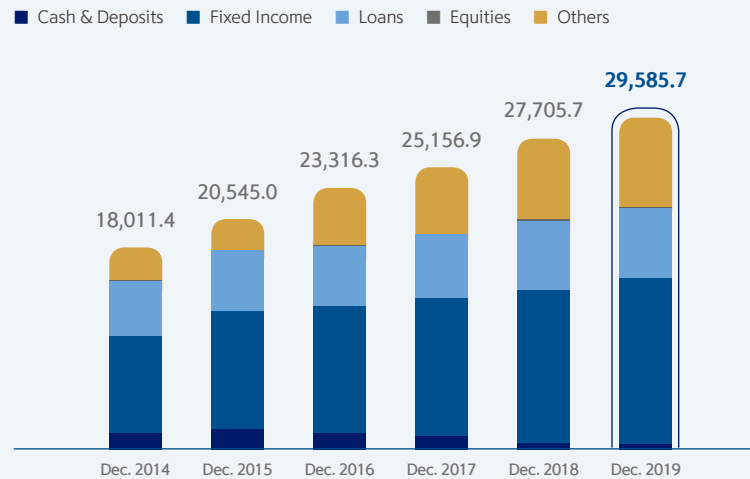
Asset Quality

Capital Adequacy

Shinhan Life Insurance

Operating assets of Shinhan Life Insurance recorded KRW 29.6 trillion at the end of 2019, up 6.8% compared to the previous year. The company expanded its holdings of long-term bonds and policy loan assets in line with its asset and liability management (ALM) strategy. As a result, fixed income assets rose by 8.4% to KRW 14.8 trillion, while loans increased by 1.1% to reach KRW 6.2 trillion.

Shinhan Life Insurance Operating Assets Growth (KRW billion)

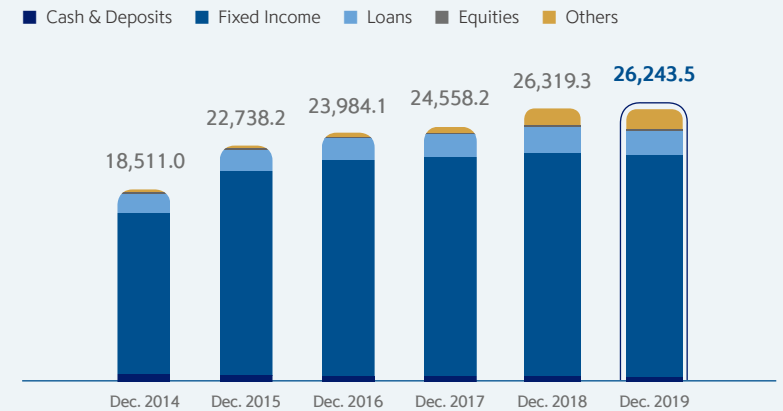


	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018	Dec. 2019
Operating Assets	18,011.4	20,545.0	23,316.3	25,156.9	27,705.7	29,585.7
Cash & Deposits	1,485.7	1,831.6	1,457.8	1,170.6	619.7	490.1
Fixed Income	8,558.9	10,505.2	11,281.7	12,344.2	13,636.9	14,787.0
Loans	4,919.4	5,372.1	5,404.7	5,643.3	6,136.6	6,203.0
Equities	94.7	80.7	72.7	66.0	132.0	109.0
Others	2,952.8	2,755.4	5,099.4	5,932.9	7,180.5	7,996.6

OrangeLife Insurance

OrangeLife's operating assets stood at KRW 26.2 trillion at the end of 2019. The company implements an ALM strategy which balances long-term liabilities with long-term assets. Because insurance liabilities are inherently long-term, the company is substantially increasing its holdings of long-term assets such as fixed income bonds and policy loans. It is also striving to enhance rates of return by increasing the proportion of its portfolio which is comprised of strategic assets, such as overseas bonds, domestic stocks, and overseas real estate and infrastructure assets.

OrangeLife Insurance Operating Assets Growth (KRW billion)



	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018	Dec. 2019
Operating Assets	18,511.0	22,738.2	23,984.1	24,558.2	26,319.3	26,243.5
Cash & Deposits	740.0	596.7	565.4	560.1	539.3	472.3
Fixed Income	15,498.4	19,692.0	20,782.4	21,073.7	21,401.5	21,315.8
Loans	1,827.2	2,018.2	2,089.4	2,133.9	2,588.6	2,355.3
Equities	114.6	131.8	98.1	117.0	135.1	124.9
Others	330.9	299.5	448.7	673.5	1,654.9	1,975.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Asset Growth

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Asset Quality

Group Asset Quality

The Group's non-performing loan ratio recorded 0.52% at the end of 2019, down 0.01%p compared to the previous year, and the lowest NPL ratio since its establishment. This was achieved by steadily reducing the amount of high risk loans as part of the Group policy of preemptive risk management, and the implementation of strategies centered on high quality, secure assets. The NPL coverage ratio was 152% at the end of 2019, sufficient to cover any potential losses in the foreseeable future.

Group Asset Quality (KRW billion)

	Dec. 2019	Dec. 2018	YTD %
Total Loans ¹⁾	312,243	287,918	8.4
Normal	308,565	284,181	8.6
Precautionary	2,040	2,226	-8.3
Substandard	621	479	29.8
Doubtful	404	498	-19.0
Estimated Loss	613	535	14.7
Substandard & Below	1,638	1,512	8.4
NPL Ratio	0.52%	0.53%	-0.01%p
Loan Loss Allowance ²⁾	4,774	4,562	4.7
Reserve for Credit Losses ³⁾	2,286	1,987	15.0
NPL Coverage Ratio ⁴⁾	152%	170%	-18%p

Note 1) Sum of Shinhan Bank, Jeju Bank, Shinhan Card, Shinhan Investment, Shinhan Life Insurance, OrangeLife, Shinhan Capital, Shinhan Savings Bank and Aisa Trust

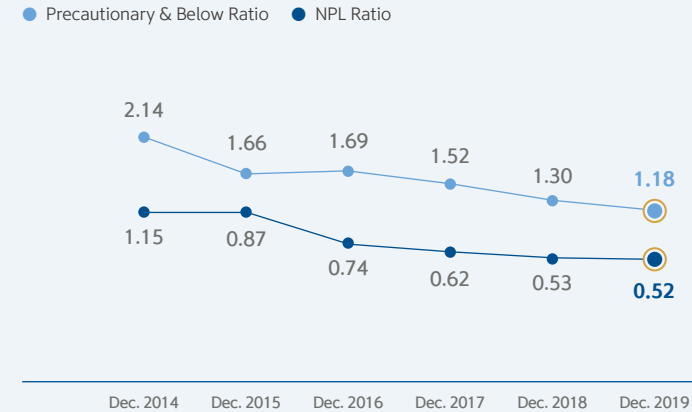
Note 2) Sum of IFRS standard LLA and reserves for credit losses

Note 3) Excluding reserve for contingent acceptances & guarantees and unused credit lines

Note 4) Excluding reserve for credit losses in accordance with the revision of relevant regulation (starting Dec. 2016)

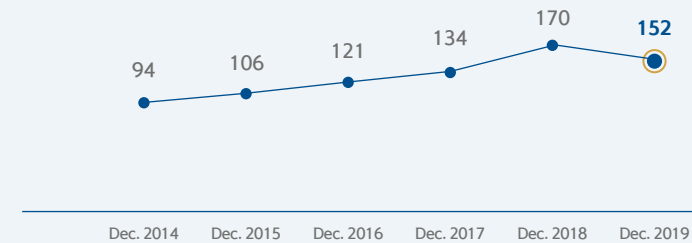
Group NPL Ratio

(%)



Group NPL Coverage Ratio

(%)



Note) Excluding reserve for credit losses in accordance with the revision of relevant regulation (starting Dec. 2016)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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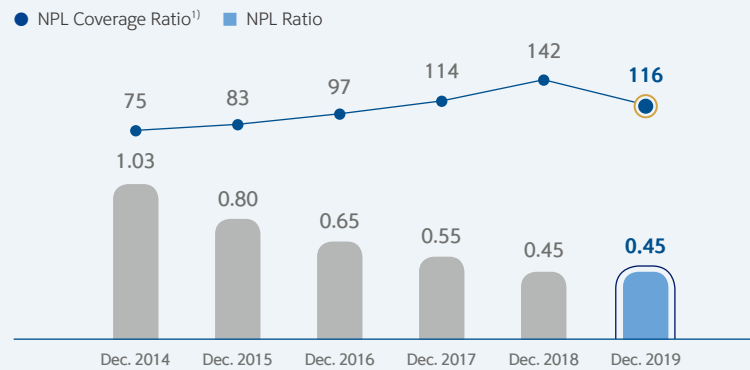
Asset Quality

Capital Adequacy

Group Subsidiaries Asset Quality

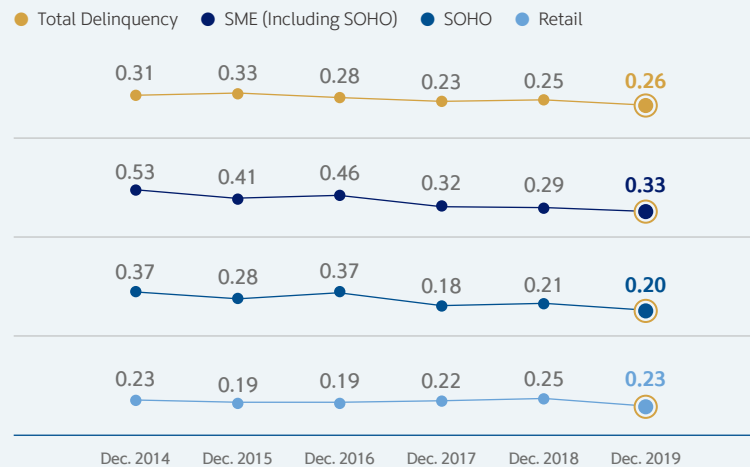
Shinhan Bank Shinhan Bank's NPL ratio stood at 0.45% at the end of 2019, the same level as the previous year. The Bank remains profitable and financially sound thanks to a growth strategy focusing on assets which are profitable but also relatively low risk, such as *jeonse* loans and SME loans. The delinquency ratio at the end of 2019 was 0.26%, with both the SME and retail sectors maintaining a stable delinquency ratio.

Shinhan Bank NPL Coverage Ratio & NPL Ratio (%)



Note 1) Excluding reserve for credit losses in accordance with the revision of relevant regulation (starting Dec. 2016)

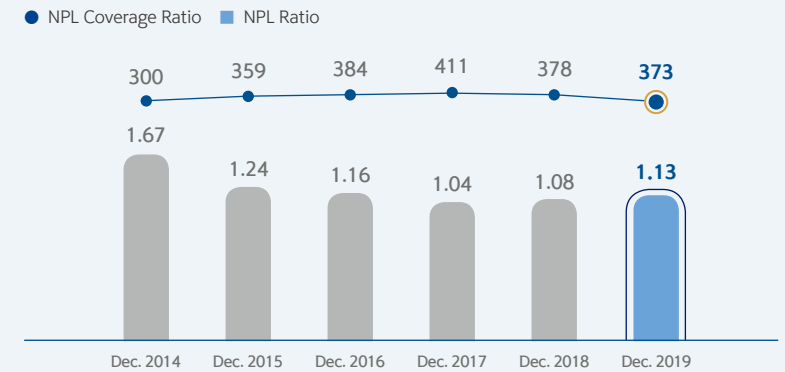
Shinhan Bank Delinquency Ratio (%)



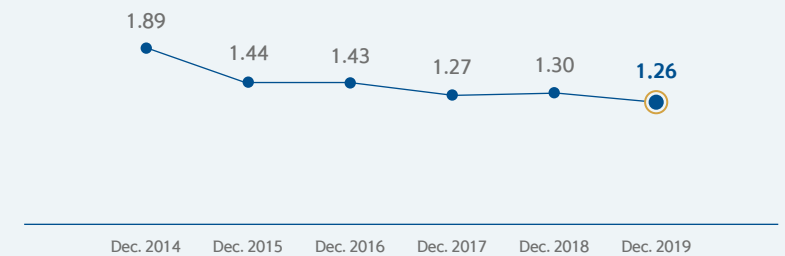
Note) 1 month overdue

Shinhan Card Shinhan Card's NPL ratio increased slightly during the year, to reach 1.13% at the end of 2019. Despite recent increases in card loans, the company is maintaining its NPL ratio at a stable level thanks to its preemptive risk management. It also continues to maintain a low delinquency ratio at 1.26%.

Shinhan Card NPL Coverage Ratio & NPL Ratio (%)



Shinhan Card Delinquency Ratio (%)



Note) 1 month overdue from total credit

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 2019 in Review
- Income
- Asset Growth
- Asset Quality

Capital Adequacy

Capital Adequacy

Group Capital Adequacy

The Group's Common Equity Tier (CET) 1 capital rose by 5.1% in 2019 due to the increase in net income. Risk-weighted assets (RWA), however, grew by 12.3% year-on-year, the outcome of a growth strategy based on high quality assets and expanded global operations. As a result, the CET 1 ratio declined slightly, to 11.1%.

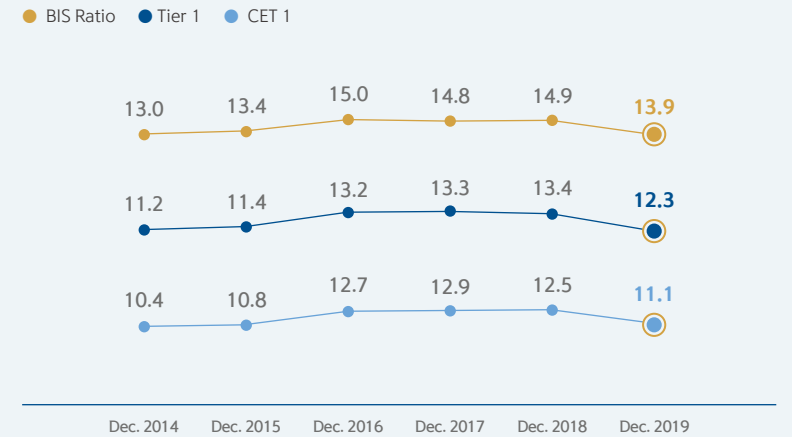
The Basel 3 recommended minimum CET 1 ratio for a financial institution is 8%, or 10.5% taking into account a 2.5% counter-cyclical buffer which is expected to be officially adopted in the future. The Group's CET 1 ratio at the end of 2019 was 11.1%, indicating that it is being maintained at a stable level above the required level.

The Group has decided to pay a dividend of KRW 1,850 per common share for the 2019 fiscal year, implying a dividend payout ratio of 25.0% and a dividend yield of 4.1%. The Group has gradually raised its dividend payout ratio since 2011 as part of its commitment to improving shareholder value. It will continue to improve its ROE through better capital utilization, including share buybacks, increasing its non-banking business, and expanding globally.

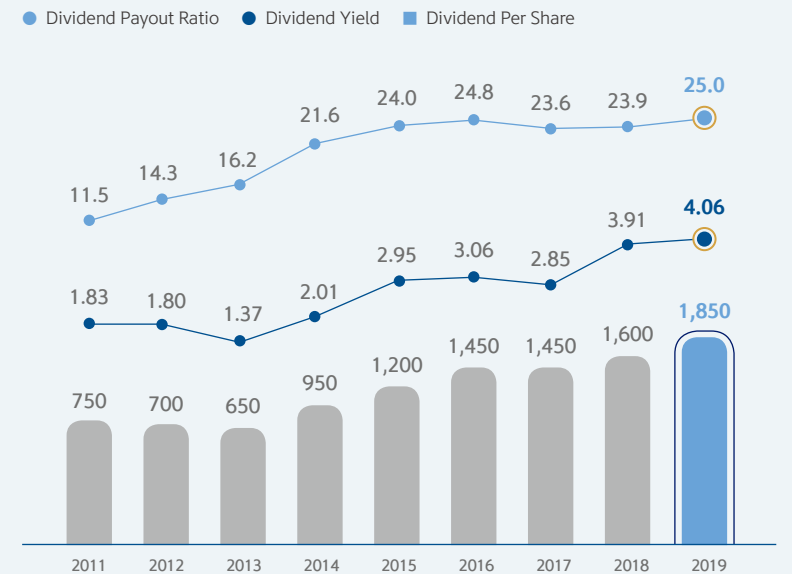
Group BIS Ratio (KRW billion)			
	Dec. 2019	Dec. 2018	YTD %
Risk-Weighted Assets	256,892	228,678	12.3
Capital	35,715	33,993	5.1
CET 1	28,562	28,696	-0.5
Tier 1	31,700	30,678	3.3
BIS Ratio	13.9%	14.9%	-1.0%p
CET 1	11.1%	12.5%	-1.4%p
Tier 1	12.3%	13.4%	-1.1%p

Note) Based on Basel 3

Group BIS Ratio Trend (%)



Group Dividend (KRW, %)



MANAGEMENT'S DISCUSSION AND ANALYSIS

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Group Subsidiaries Capital Adequacy

Shinhan Bank Shinhan Bank's CET 1 ratio at the end of 2019 was 12.8%, and its Tier 1 ratio was 13.3%. being managed at a stable level. The capital ratios of the Bank have remained stable thanks to a focus on profitable loans and steady net income.

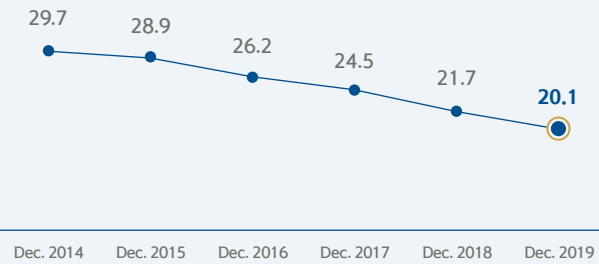
Shinhan Bank BIS Ratio (KRW billion)

	Dec. 2019	Dec. 2018	YTD %
Risk-Weighted Assets	181,637	171,593	5.9
Capital	28,905	27,500	5.1
CET 1	23,159	22,114	4.7
Tier 1	24,157	22,812	5.9
BIS Ratio	15.9%	16.0%	-0.1%p
CET 1	12.8%	12.9%	-0.1%p
Tier 1	13.3%	13.3%	0.0%p

Note) Based on Basel 3

Shinhan Card Shinhan Card's capital adequacy ratio at the end of 2019 recorded 20.1%, well above the minimum regulatory ratio of 8%. The company's capital adequacy ratio has been 20% or above since 2007, mainly attributable to its commitment to reducing credit losses through preemptive risk management, and its continuing efforts to generate stable net income.

Shinhan Card Capital Adequacy Ratio (%)





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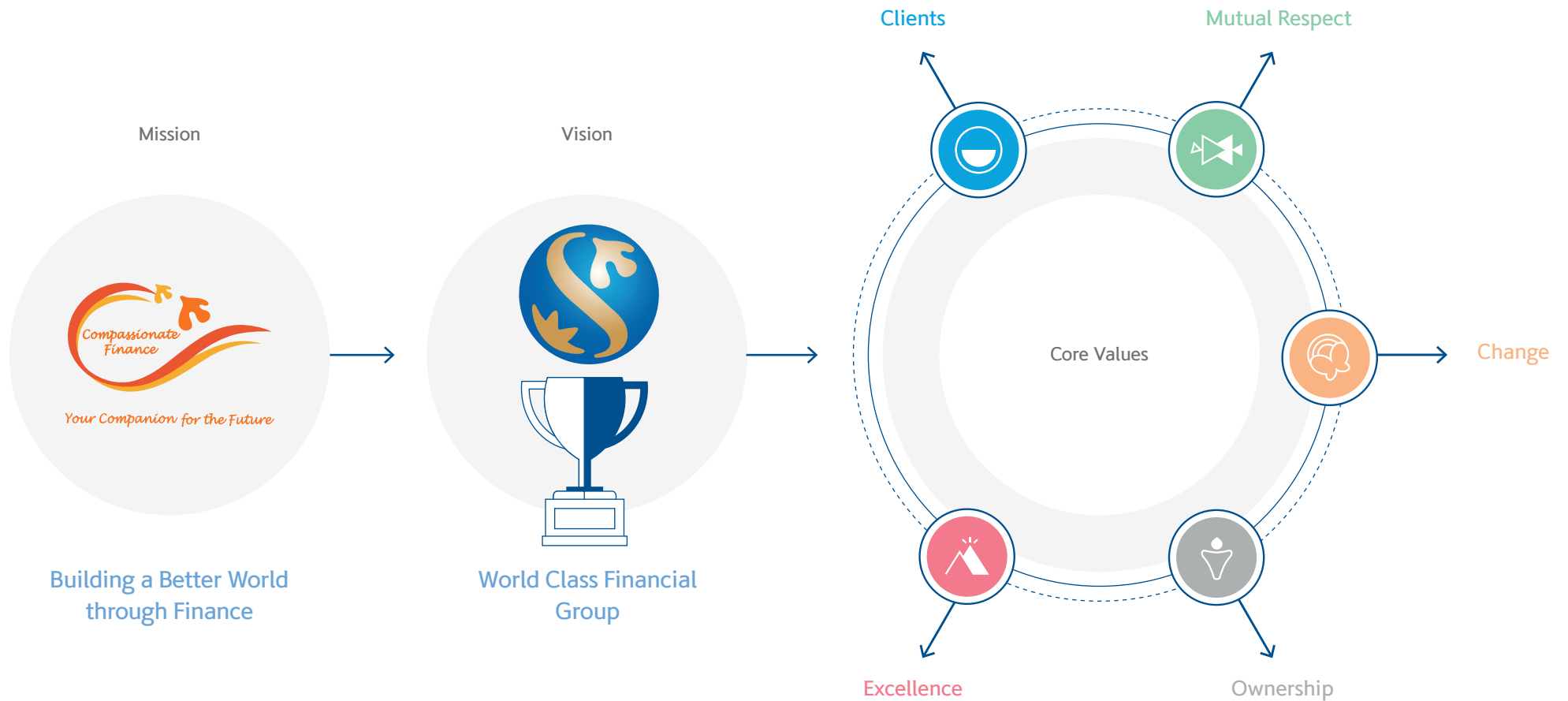
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Shinhan WAY

Shinhan WAY, comprised of the Group's mission, core values and vision, represents a value system by which all members of Shinhan Financial Group measure their thoughts and actions.



Group Mission

Shinhan Financial Group has set “Compassionate Finance, Your Companion for the Future” as its mission. Under our mission, which is the fundamental reason and purpose of the Group, we strive to uphold a virtuous cycle of shared prosperity that will create greater value for our clients and society as a whole. To this end, we need to part with the past and practice “Creative Finance” with new methods befitting a new environment with regard to products, services, and money management, in order to make a better world through finance.

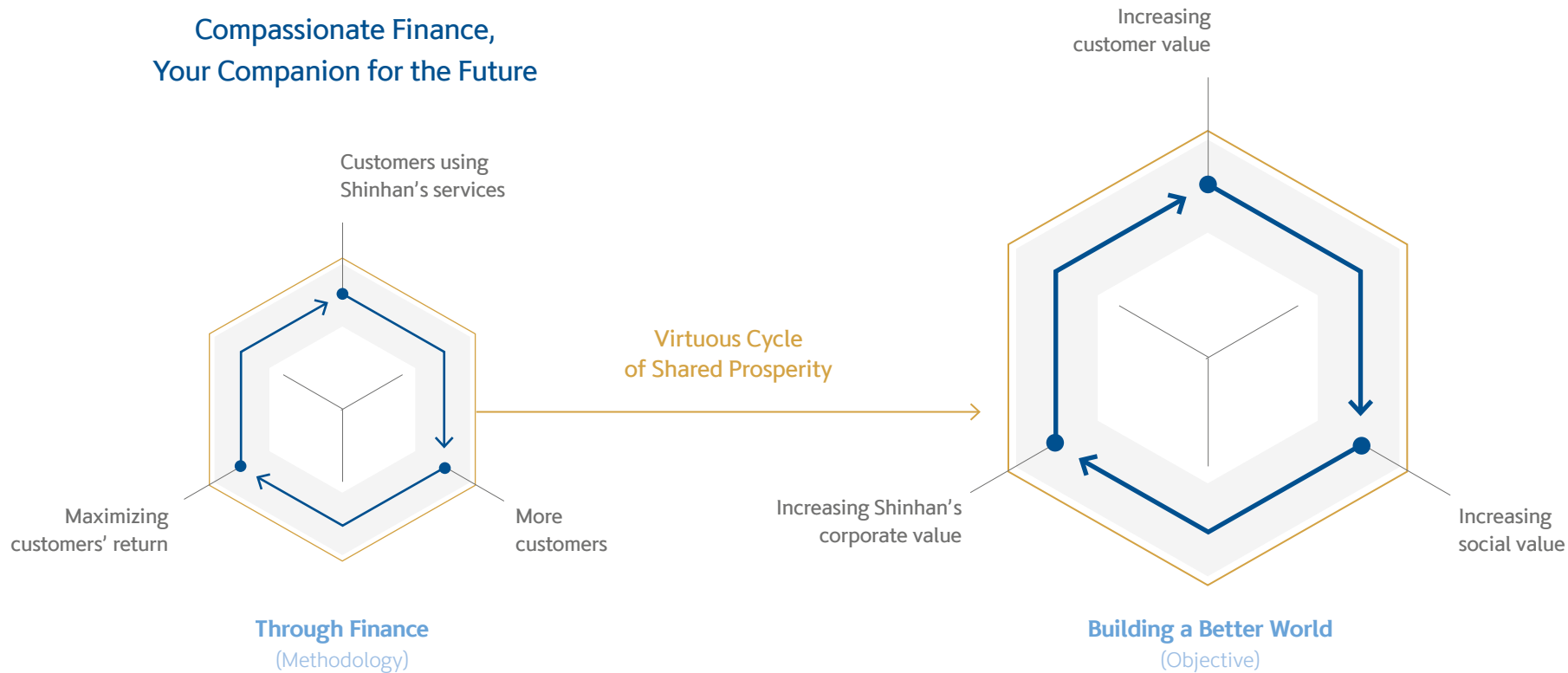
We help clients achieve their goals by providing financial products and services that meet the latest trends, and delivering high returns on the funds entrusted to us. Financial products, services, and money management must evolve along with the changing times and business environment in order for our core business to succeed. Departing from past conventions, we seek innovative new solutions using a methodology we call “Creative Finance”.

As Shinhan helps more clients succeed and fulfills the fundamental role of finance, that is, the efficient allocation of resources, value will increase for the whole of society. The interlinked values of Shinhan and society will grow together and lead to progress in a virtuous cycle of shared prosperity.

“Compassionate Finance, Your Companion for the Future” is significant in that it shows how corporate value and client (social) value can coexist instead of merely competing. In order to realize such coexistence, Shinhan Financial Group will work to ensure that all employees embody the spirit of compassionate finance when working and upgrade its policies and systems so that clients can benefit from differentiated services.

A Better World Through Finance

Compassionate Finance, Your Companion for the Future

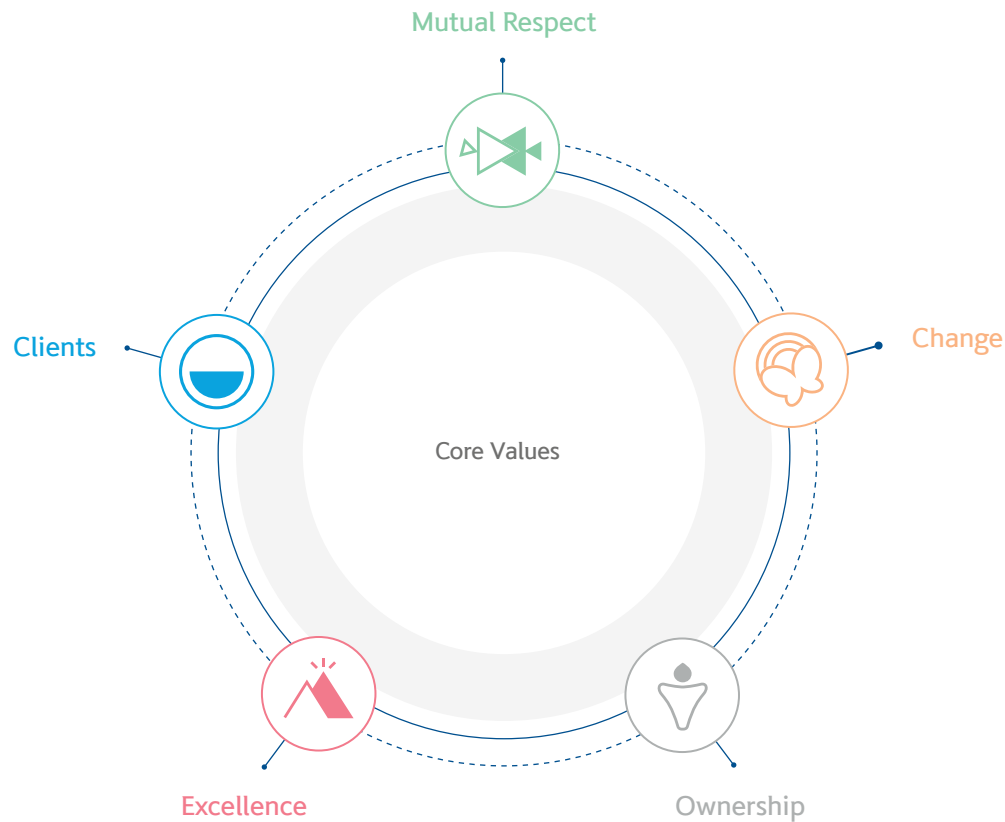


Core Values

Core values guide the thoughts and actions of all Shinhan members united under the idea of One Shinhan.

While the five core values remain constant, the code of conduct serves as a specific guideline to understanding and practicing these values. In January 2017, we issued a revised code of conduct that better reflects our mission statement and newly established standards for management as ascribed to the Shinhan Leader so that all members of Shinhan can continue practicing the core values in an evolving business environment.

Core Values



Meaning

Clients

We maintain high ethical standards to build trust with our clients, and see things from their perspective to provide products and services that raise clients' values.

Mutual Respect

We seek cooperation and openness in pursuit of shared prosperity for the Group and all members of society.

Change

We initiate meaningful changes based on our insight into shifting trends so that we can respond swiftly and boldly with creative solutions.

Excellence




We continue to challenge and educate ourselves to become the leading experts in our fields so that we can produce sustainable results.

Ownership

We practice the Shinhan WAY with pride, passion and sincerity as members of the Group and take the lead in fulfilling our responsibilities.

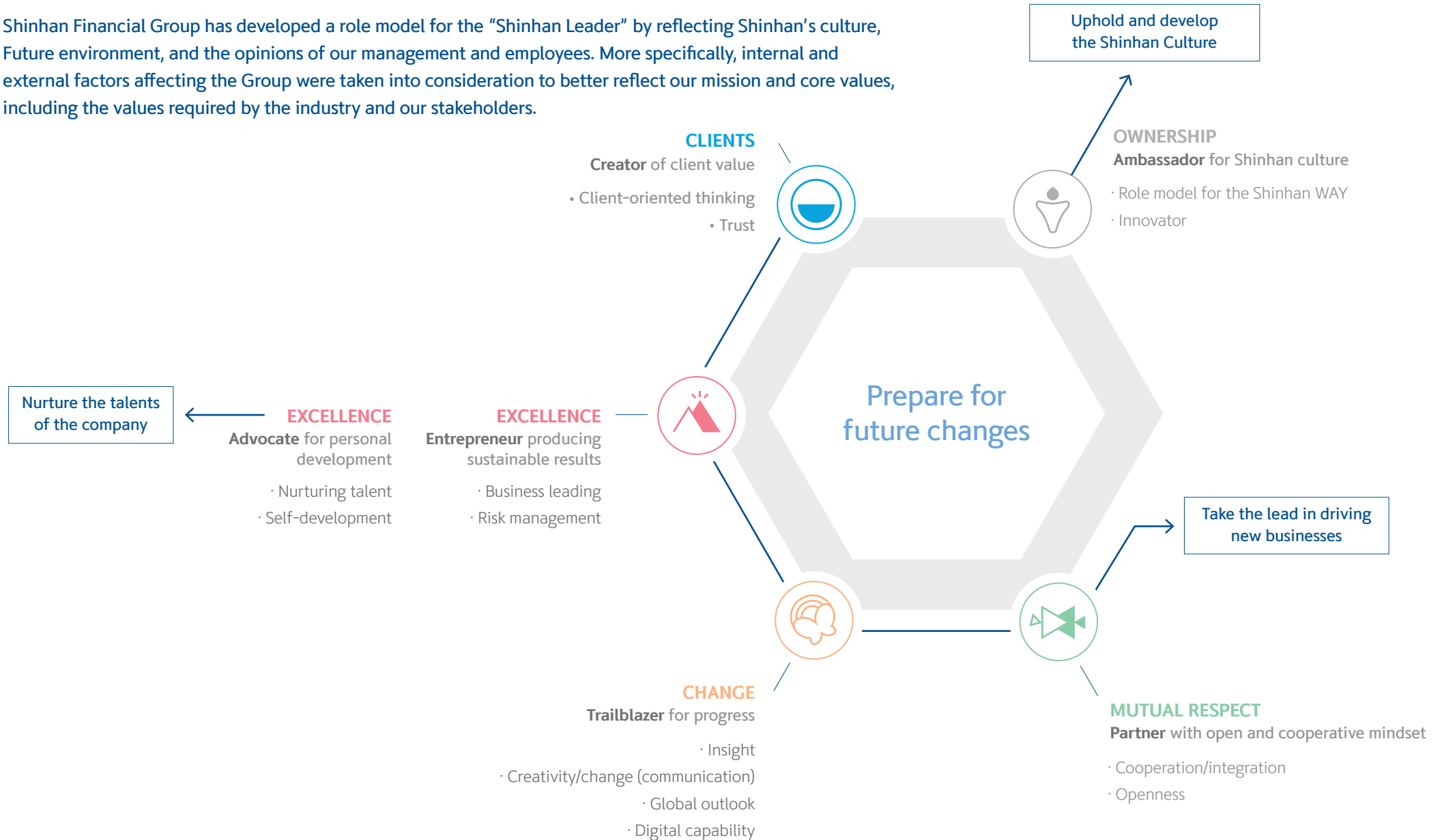
Code of Conduct

The code of conduct outlines the standards for employees' judgment and actions when applying the core values to their duties.

CORE VALUES	KEYWORD	CODE OF CONDUCT
Clients 	Client-oriented thinking	Provide products and services based on in-depth understanding of clients' needs and their perspective
	Client value	Make every effort to increase client value as the client's companion for the future
	Trust	Build trust with clients by adhering to strict ethical standards and principles
Mutual Respect 	Coordination and integration	Pursue cooperation as a member of One Shinhan but with respect and consideration from another's perspective
	Openness	Form a broad and diverse network of stakeholders beyond financial businesses with emphasis on open communication
	Shared prosperity	Make judgments and take action to raise the value of Shinhan and society at large
Change 	Insight	Predict the direction and implication of changes from a broad and comprehensive standpoint
	Creativity	Think outside the box to discover new solutions and implement new approaches
	Innovation	Take bold and swift action to introduce meaningful changes without being afraid of failure
Excellence 	Challenge and execution	Set challenging goals and follow through with specific plans and perseverance
	Sustainable performance	Strive to produce results that can be sustained over the long term
	Self-development	Continue learning to gain the highest level of expertise and constantly explore new pursuits
Ownership 	Role model for the Shinhan WAY	Set an example through actions based on a deep and sincere understanding of the Shinhan WAY
	Pride	Take pride and satisfaction in doing good work as a member of Shinhan
	Self-motivation	Harness one's passion to inspire passion in others and take the initiative in fulfilling one's responsibilities

Shinhan Leader

Shinhan Financial Group has developed a role model for the “Shinhan Leader” by reflecting Shinhan’s culture, Future environment, and the opinions of our management and employees. More specifically, internal and external factors affecting the Group were taken into consideration to better reflect our mission and core values, including the values required by the industry and our stakeholders.



Code of Conduct for the Shinhan Leader

The Shinhan Leader serves as the management's role model when implementing the Shinhan WAY and as the management's guide when preparing for the future in a changing environment. Leading the way toward achieving Shinhan's mission and vision, all members of management abide by the code of conduct when making decisions and carrying out their responsibilities.



Ownership

Ambassador for Shinhan culture

Practice and promote the Shinhan WAY with conviction and sincerity, and uphold and develop the Group's culture in step with changes in the business environment

Role model for the Shinhan WAY

Promote the Shinhan WAY and foster an organizational culture where employees are recognized for following its principles

Innovator Find solutions by taking an interest in cultural issues and continue developing Shinhan's culture in step with changes in the business environment



Mutual Respect

Partner with open and cooperative mindset

Combine resources and capabilities for optimal Group-wide performance and cultivate strategic partnerships through cooperation

Cooperation/integration Establish strategies from the perspective of One Shinhan, find common ground through communication and constructive feedback, and allocate resources to suit changes in the business environment

Openness Develop a broad and diverse network of stakeholders beyond financial businesses, and enter into strategic partnerships to create new value



Excellence

Entrepreneur producing sustainable results

Discover new business opportunities from a comprehensive standpoint, and deliver sustainable results through preemptive risk management

Business leading Embrace an integrated view to discover business opportunities, strive for sustainable performance, and take responsibility for the outcome

Risk management Embrace an expansive view to identify risk factors in an evolving business environment and take preemptive action to manage the risks



Clients

Creator of client value

Think from the client's perspective when making judgments and decisions, and build a relationship of trust by observing high ethical standards

Client-oriented thinking Gain a thorough understanding of the client's needs and ensure delivery of products and services from the client's perspective

Trust Foster trust by following strict ethical guidelines and aspire to increasing value for the client, Shinhan and society



Change

Trailblazer for progress

Predict the future based on knowledge and insight, and make changes through honest communication and cooperation

Insight Anticipate changes based on in-depth expertise with a broad and comprehensive perspective

Creativity/change (communication) Foster an atmosphere that encourages creative thinking, and reach consensus by sharing concrete visions about change

Global outlook Evaluate and respond to the consequences of changes in the world, and satisfy global standards in communication and other aspects

Digital capability Help employees adapt to changing times by presenting a vision for the digital future and reflect their input in setting the strategic direction



Board of Directors & Management

Executive Director

Cho Yong-byoung

Date of Birth June 30, 1957

Current Position CEO, Shinhan Financial Group

Education B.A. in Law, Korea University

Main Work Experience

2017–Current CEO, Shinhan Financial Group

2015–2017 President & CEO, Shinhan Bank

2013–2015 CEO, Shinhan BNP Paribas Asset Management

2011–2013 Deputy President, Shinhan Bank

Non-Executive Directors

Jin Ok-dong

Date of Birth February 21, 1961

Current Position President & CEO, Shinhan Bank

Education MBA, Chung Ang University

Main Work Experience

2019–Current CEO, Shinhan Bank

2017–2018 Deputy President, Shinhan Financial Group

2017–2017 Deputy President, Shinhan Bank

2015–2016 CEO, Shinhan Bank Japan

Philippe Avril

Date of Birth April 27, 1960

Current Position Director, BNP Paribas Securities (Japan) Ltd.

Education M.A. in Economics, Universite de Paris Dauphine

Main Work Experience

2019–Current Director, BNP Paribas Securities (Japan) Ltd.

2012–2019 Chairman & Representative Director, BNP Paribas Securities (Japan) Ltd.

Independent Directors

Park Cheul (Chair of the Board)

Date of Birth April 27, 1946

Current Position Retired Chairman & CEO, Leading Investment & Securities Co., Ltd.

Education M.A. in Economics, New York University

Main Work Experience

2007–2013 Chairman & CEO, Leading Investment & Securities Co., Ltd.

2003–2005 Member of the Committee, National Economy Advisory Council

2003–2006 Independent Director, Korea Development Bank

2000–2003 Senior Deputy Governor, Bank of Korea

Park Ansoon

Date of Birth January 24, 1945

Current Position CEO, Taisei Group Co., Ltd.

Education B.A. in Philosophy, Waseda University

Main Work Experience

2010–Current CEO, Taisei Group Co., Ltd.

2018–Current Chairman, the Korean Residents Union in Japan

2012–2018 Vice Chairman, the Korean Residents Union in Japan



Independent Directors (continued)

Byeon Yang-ho

Date of Birth July 30, 1954

Current Position Company Advisor, VIG Partners

Education Ph.D. in Economics, Northern Illinois University

Main Work Experience

2016–Current Company Advisor, VIG Partners

2011–2015 Non-Executive Director, TongYang Life Insurance

2005 Founder of Korean 1st Private Equity Fund, Vogo Fund

2004–2005 President, Korea Financial Intelligence Unit

1995–2004 Director, Bureau of Financial Policy,
Ministry of Finance and Economy

1990–1992 Senior Economist, International Monetary Fund

Sung Jae-ho

Date of Birth March 18, 1960

Current Position Professor, Sung Kyun Kwan University School of Law

Education Ph.D. in Law, Sung Kyun Kwan University

Main Work Experience

1994–Current Professor, Sung Kyun Kwan University School of Law

2018–2019 Independent Director, NICE Holdings

2015–2019 Independent Director, Shinhan Card

2015 Chairman, Korea Council of International Law

Yoon Jaewon

Date of Birth August 29, 1970

Current Position Professor, College of Business Administration,
Hongik University

Education Ph.D. in Accounting, Korea University

Main Work Experience

2004–Current Professor, College of Business Administration,
Hongik University

2017–Current Member, Committee on Development Tax System,
Ministry of Economy and Finance

2017–Current Member, Committee on National Accounting policy,
Ministry of Economy and Finance

2013–2019 Non-executive Judge, Tax Tribunal

Lee Yoon-jae

Date of Birth November 3, 1950

Current Position Retired CEO, KorEl

Education AMP, Harvard Business School
MBA, Stanford Graduate School of Business

Main Work Experience

2015–2018 Independent Director, CJ Freshway

2012–2016 Independent Director, Busan Bank

2009–2014 Independent Director, LG

2001–2010 CEO, KorEl

2000–2006 Outside Director, Samsung Fire and Marine Insurance
Non-Executive Director, Korea First Bank

1999–2003 Company Advisor, Kim&Chang Law Firm

1998–1999 Secretary of Chief Economist, Office of President

1980–1994 Secretary General of Deputy Prime Minister,
Economic Planning Board

Jin Hyun-duk

Date of Birth September 10, 1955

Current Position CEO, PHOEDRA Co., Ltd.

Education MBA, Keio Business School

Main Work Experience

1988–Current CEO, PHOEDRA Co., Ltd.

Current Councilor, The Korea Educational Foundation

2014–Current Visiting Professor, Business administration,
Sakushin-gakuin University, Japan

Visiting Professor, Engineering,
Utsunomiya University, Graduate School, Japan

Choi Kyong-rok

Date of Birth May 25, 1966

Current Position CEO, CYS Corporation

Education M.S. in Computational Science, Keio University

Main Work Experience

2002–Current CEO, CYS Corporation

2010–2015 Independent Director, Shinhan Life Insurance

2001–2002 Deputy President, CYS Corporation

1999–2000 Research Associate, Information Technology Center
at Keio University



Independent Directors (continued)

Huh Yong-hak

Date of Birth September 10, 1958
Current Position CEO, First Bridge Strategy Ltd.
Education M.S. in International Affairs, Columbia University
Main Work Experience
 2015–Current CEO, First Bridge Strategy Ltd.
 2008–2014 CIO of Alternative Investment, Hong Kong Monetary Authority
 2004–2008 Executive Director of Asia Investment Banking Division, HSBC
 2003–2004 Managing Director, Olympus Capital Investment

Yuki Hirakawa

Date of Birth October 21, 1960
Current Position CEO, Primer Korea LLC
Education B.A. in Spanish, Osaka University
Main Work Experience
 2014–Current CEO, Primer Korea LLC
 1994–2012 CEO, Hirakawa Industry Development Co., Ltd.

Deputy Presidents and Managing Directors

Yi Sunny

Date of Birth March 25, 1962
Current Position Deputy President & Chief Digital Officer (CDO), Shinhan Financial Group
Main Work Experience
 2020–Current Deputy President & CDO, Shinhan Financial Group
 CEO, Shinhan DS
 2019–2019 Head of Future Strategy Research Institute, Shinhan Financial Group
 2000–2017 Global Director & Managing Partner (Korea), Bain & Company
 1991–2000 Managing Partner (Asia), AT Kearney

Jang Dong-ki

Date of Birth January 2, 1964
Current Position Deputy President & Head of Global Markets and Securities (GMS), Shinhan Financial Group
Main Work Experience
 2019–Current Deputy President, Shinhan Financial Group
 Deputy President & Head of GMS, Shinhan Bank, Shinhan Investment, Shinhan Life
 2018–2019 Deputy President & CFO, Shinhan Financial Group

Jeong Woon-jin

Date of Birth April 20, 1964
Current Position Deputy President & Head of Group and Global Investment Banking (GIB), Shinhan Financial Group
Main Work Experience
 2019–Current Deputy President, Shinhan Financial Group
 Deputy President & Head of GIB, Shinhan Bank, Shinhan Investment, Shinhan Life, Shinhan Capital
 2018–2019 Deputy President, Shinhan Bank

Lee Byeong Cheol

Date of Birth January 22, 1963
Current Position Deputy President & Chief Public Relation Officer (CPRO), Shinhan Financial Group
Main Work Experience
 2019–Current Deputy President & CPRO, Shinhan Financial Group
 2017–2019 Managing Director, Shinhan Financial Group

Jeong Jiho

Date of Birth June 25, 1963
Current Position Deputy President & Head of Global Business, Shinhan Financial Group
Main Work Experience
 2019–Current Deputy President, Shinhan Financial Group
 Deputy President & Head of Global Business, Shinhan Bank, Shinhan Card, Shinhan Investment, Shinhan Life
 2017–2019 Managing Director, International Trade Business Division, Shinhan Bank



Deputy Presidents and Managing Directors (continued)

Wang Mi-hwa

Date of Birth October 5, 1964

Current Position Deputy President & Head of Wealth Management (WM), Shinhan Financial Group

Main Work Experience

2019–Current Deputy President, Shinhan Financial Group
Deputy President & Head of WM, Shinhan Bank,
Shinhan Investment

2018–2019 Managing Director, Shinhan Bank

Roh Yong-hoon

Date of Birth March 16, 1964

Current Position Deputy President & Chief Financial Officer (CFO),
Shinhan Financial Group

Main Work Experience

2020–Current Deputy President & CFO, Shinhan Financial Group

2017–2020 Head of Global Business Division, Shinhan Bank

An Hyo Ryul

Date of Birth May 26, 1965

Current Position Deputy President & Head of Retirement Pension,
Shinhan Financial Group

Main Work Experience

2020–Current Deputy President, Shinhan Financial Group
Deputy President & Head of Retirement Pension,
Shinhan Bank

2018–2020 Head of Management Planning and Consumer
Protection, Shinhan Bank

Wang Ho-min

Date of Birth March 4, 1964

Current Position Managing Director & Chief Compliance Officer (CCO),
Shinhan Financial Group

Main Work Experience

2019–Current Managing Director & CCO, Shinhan Financial Group

2017–2019 General Manager of Jamsil-nam Branch,
Shinhan Bank

Lee Een-kyoon

Date of Birth April 1, 1967

Current Position Managing Director & Chief Operation Officer (COO),
Shinhan Financial Group

Main Work Experience

2019–Current Managing Director & COO, Shinhan Financial Group

2017–2019 Head of Management Support Team,
Shinhan Financial Group

Park Sung-hyun

Date of Birth November 8, 1965

Current Position Managing Director & Chief Strategy and
Sustainability Officer (CSO), Shinhan Financial Group

Main Work Experience

2020–Current Managing Director & CSO, Shinhan Financial Group

2018–2020 Head of Strategic Planning Team,
Shinhan Financial Group

Bang Dong Kwon

Date of Birth February 10, 1966

Current Position Managing Director & Chief Risk Officer (CRO),
Shinhan Financial Group

Main Work Experience

2020–Current Managing Director & CRO, Shinhan Financial Group

2019–2020 General Manager, Risk Management Department,
Shinhan Bank

Lee Keon Hyok

Date of Birth July 17, 1963

Current Position Head of Future Strategy Research Institute,
Shinhan Financial Group

Main Work Experience

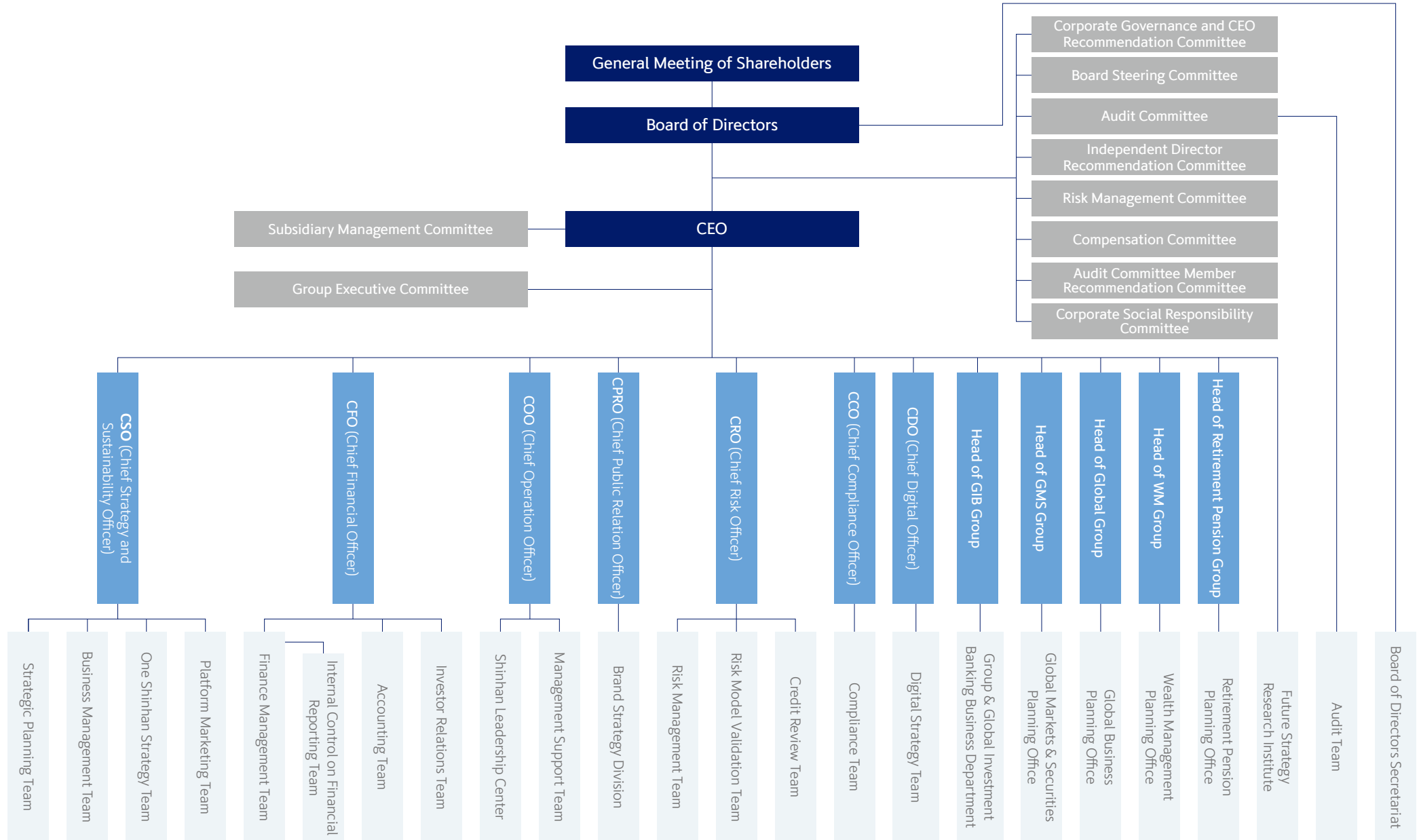
2020–Current Head of Future Strategy Research Institute,
Shinhan Financial Group

2018–2019 Senior Advisor, Kim & Chang Law Firm

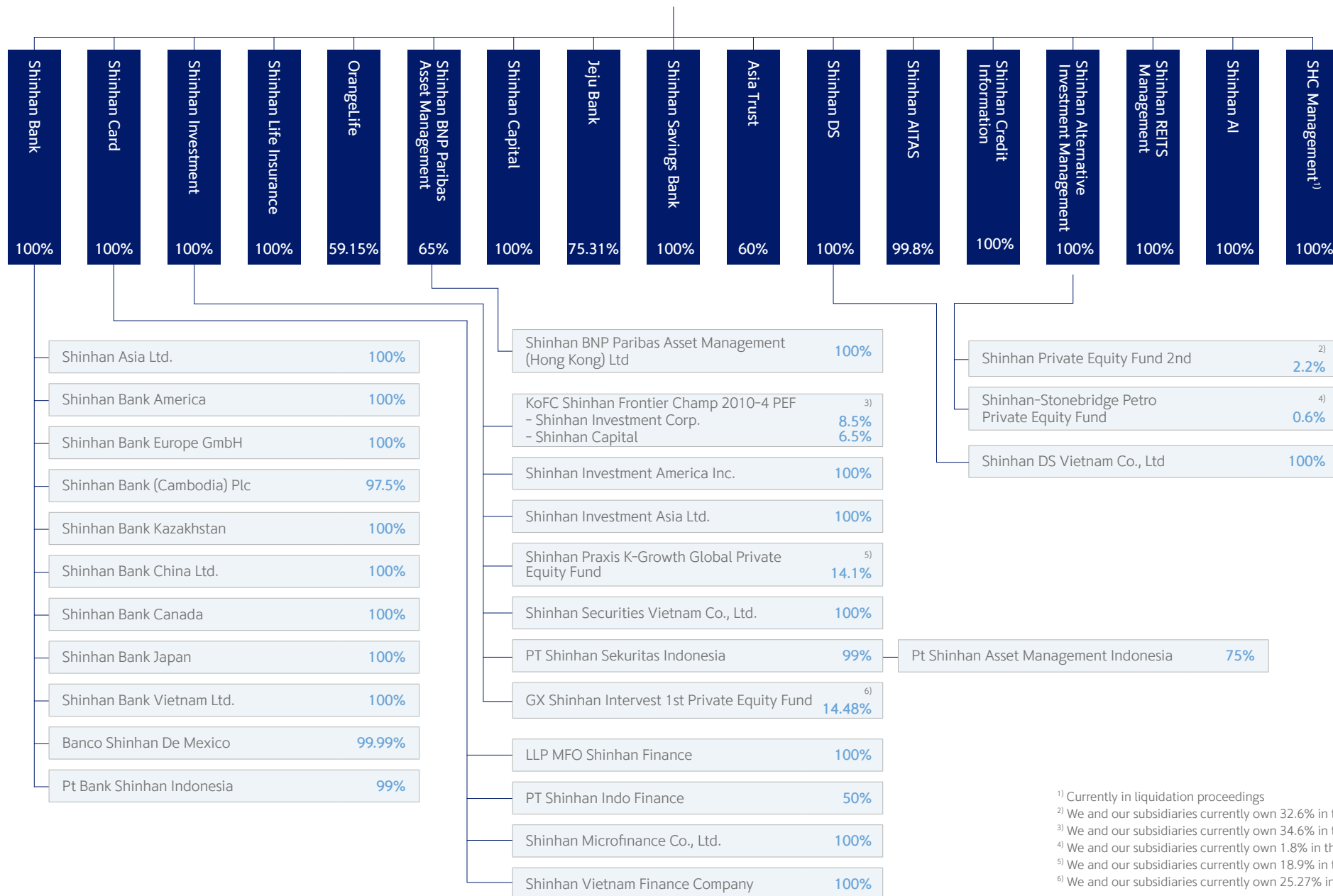
2016–2017 Vice President, Samsung Economic Research Institute

Organization

Shinhan Financial Group



Business Portfolio



¹⁾ Currently in liquidation proceedings
²⁾ We and our subsidiaries currently own 32.6% in the aggregate
³⁾ We and our subsidiaries currently own 34.6% in the aggregate
⁴⁾ We and our subsidiaries currently own 1.8% in the aggregate
⁵⁾ We and our subsidiaries currently own 18.9% in the aggregate
⁶⁾ We and our subsidiaries currently own 25.27% in the aggregate



Global Network

Shinhan Bank

Country	Name	Telephone	Address
Japan	Shinhan Bank Japan	+81-3-6403-0505	The Mita Bellju Building 5F, 108-0014 5-36-7 Shiba, Minato-ku, Tokyo, Japan
China	Shinhan Bank (China)	+86-10-8529-0088	12th Fl. Zhongyu Plaza No.6, Workers' Stadium Road N., Chaoyang District, Beijing 100027, China
Vietnam	Shinhan Bank Vietnam	+84-8-3829-1581	Ground Floor, Mezzanine, 2nd & 3rd floor, Empress Tower, 138 – 142 Hai Ba Trung, Dakao Ward, District 1, Ho Chi Minh City, Vietnam
USA	Shinhan Bank America	+1-646-843-7300	330 5th Avenue 4th Floor New York, NY 10001 USA
Indonesia	PT Bank Shinhan Indonesia	+62-21-2975-1500	International Financial Centre Tower 2, Ground floor, Mezzanine, 30th and 31st floor, Jl. Jenderal Sudirman Kav.22-23 South Jakarta, Indonesia
Germany	Shinhan Bank Europe GmbH	+49-69-975-7130	Neue Mainzer Strasse 75, 60311 Frankfurt am Main, Germany
Canada	Shinhan Bank Canada	+1-416-250-3500	5140 Yonge Street Suite 2300 Toronto, Ontario, M2N6L7, Canada
Hong Kong	Shinhan Asia Limited	+852-3717-0700	Units 7704, 77/F International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Cambodia	Shinhan Bank (Cambodia) Plc	+855-23-971-100	No.79 Kampuchea Krom, Sangkat Mororom, Khan 7 Makara, Phnom Penh, Cambodia
Kazakhstan	Shinhan Bank Kazakhstan	+7-727-356-9620	38 Dostyk ave. Almaty, 050010, Kazakhstan
Mexico	Banco Shinhan de Mexico	+52-55-6722-8000	Av. Paseo de la Reforma 250, Reforma Capital Torre B Cuauhtemoc, Juarez, 06600, Mexico D.F., Mexico
Hong Kong	Hong Kong Branch	+852-2867-0100	Unit 7703, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
USA	New York Branch	+1-212-371-8000	600 3rd Ave, 17th Floor, New York, NY10016, USA
UK	London Branch	+44-207-600-0606	6th Floor, 77 Gracechurch Street, London, EC3V 0AS. UK
Singapore	Singapore Branch	+65-6536-1144	1 George St. #15-03, Singapore 049145
India	Mumbai Branch	+91-22-6199-2000	5th Floor, Wockhardt Towers, C2, G Block, Bandra Kurla Complex, Bandra, Mumbai, 400-051, India
India	New Delhi Branch	+91-11-4500-4800	3rd Floor, D-6, Part II South Extension, New Delhi, India
India	Kancheepuram Branch	+91-44-2714-3500	Survey No:69/4A1 B No.101A, Bangalore Highway Road, Thandalam Village, Kancheepuram, Tamilnadu, India 602105
India	Pune Branch	+91-20-3086-4800	Ground Floor, Red Building. Plot No.2, Galaxy Society, Boat Club Road, Pune, Maharashtra, India 411001
India	Ahmedabad Branch	+91-79-7117-0400	FF2&FF3, 1st Floor, Shapath V Building, Opp. Karnavati Club, S.G.Highway, Ahmedabad, Gujarat, India 380015
India	Ranga Reddy Branch	+91-40-6635-2000	SLN Terminus, 1st Floor, Survey No 133, Gachibowli, Serilingampally, Mandal, Ranga Reddy District, Telangana State, India 500032
Myanmar	Yangon Branch	+95-1-9345-170	No.192, 10th Floor, Myanmar Centre Tower 1, Kabaraye Pagoda Road, Bahan Township, Yangon, Myanmar
Australia	Sydney Branch	+61-2-9224-7901	Level 25, 52 Martin Place, Sydney, NSW 2000, Australia
Philippines	Manila Branch	+63-2-405-6300	21st Floor, RCBC Savings Bank Corporate Center (RSBCC), 26th & 25th Street, Bonifacio South, Bonifacio Global City, Taguig City, Manila, Philippines
UAE	Dubai Branch	+971-4-551-2820	S1204, Emirates Financial Tower, DIFC, P.O. Box 507001, Dubai, UAE
Uzbekistan	Shinhan Bank Uzbekistan Representative Office	+998-71-150-1184	Neworld Bldg. 3rd Fl., Oybek St. 22 Tashkent, Uzbekistan 100015



Shinhan Card

Country	Name	Telephone	Address
Indonesia	PT Shinhan Indo Finance	+62-21-857+9095	Wisma Indomobil 1, 10th Floor, Jl. Letjen M.T. Haryono Kav. 8, Jakarta 13330, Indonesia
Kazakhstan	LLP MFO Shinhan Finance	+7-727-355-2550	2nd Floor, 48 Auezov street, Almaty, Kazakhstan
Myanmar	Shinhan Microfinance Co., Ltd.	+95-94-5296-7837	No. 206, Thiri Mingalar Street, East Ywama, Insein Township, Yangon, Myanmar
Vietnam	Shinhan Vietnam Finance Limited (SVFC)	+84 1900 5454 49	Units 2301-06 & 2311 23F, Saigon Trade Center, No. 37 Ton Duc Thang Street, Ben Nghe, District 1, Ho Chi Minh City, Vietnam
Myanmar	Shinhancard Co., LTD (Representative Office)	+95-9251890332	(3/A) Kan Taw Mon Housing, Lay Htang Street, Lay Htang Kan Ward, Thingangyun Township, Yangon, Myanmar

Shinhan Investment

Country	Name	Telephone	Address
Indonesia	PT. Shinhan Sekuritas Indonesia	+62-21-8086-9900	Jalan Jendral Sudirman Kav. 22-23, RT.10/RW.1, Karet, Setia Budi, Kota Jakarta Selatan, DKI Jakarta 12920, Indonesia
Hong Kong	Shinhan Investment Asia Ltd.	+852-3713-5301	Units 7705A, Level 77 International Commerce Center (ICC), 1 Austin Road West, Kowloon, Hong Kong
Vietnam	Shinhan Securities Vietnam Co., Ltd.	+84-28-6299-8000	22nd floor, Centec Tower, 72-74 Nguyen Thi Minh Khai, Phuong 6, District 3, Ho Chi Minh City, Vietnam
USA	Shinhan Investment America Inc.	+1-212-397-4000	1325 Avenue of the Americas #2002A, New York, NY 10019, USA
China	Shinhan Investment Shanghai Representative Office	+86-21-6194-6624	#2262, 22/F, One Lujiazui, 68 Yin Cheng Road, Pudong, Shanghai, China
Vietnam	Shinhan Investment Ho-Chi-Minh City Representative Office	+84-28-6287-8034	22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai, Phuong 6, District 3, Ho Chi Minh City, Vietnam
Indonesia	Shinhan Asset Management Indonesia	+62 21 3100078	Sucaco, Jl. Kebon Sirih No.71, RT.3/RW.2, Kb. Sirih, Menteng, Kota Jakarta Pusat, Daerah Khusus Ibukota, Jakarta 10340, Indonesia

Shinhan Life Insurance

Country	Name	Telephone	Address
Vietnam	Shinhan Life Hanoi Office	+84-24-3766-2000	2501-2 Keangnam Hanoi Landmark Tower, Plot E6, Cau Giay, New Urban Area, Me Tri Ward, Nam Tu Liem District, Hanoi City, Vietnam
UK	Shinhan Life London Office	+44-7494-712945	Level 30, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB, UK

Shinhan BNP Asset Management

Country	Name	Telephone	Address
Hong Kong	Shinhan BNP Paribas Asset MGT HK Limited	+852-2525-9110	Unit 7702B, Level 77, International Commerce Centre, 1 Austin Road West Kowloon, Hong Kong

Shinhan DS

Country	Name	Telephone	Address
Vietnam	Shinhan DS Vietnam Company Limited	+84-28-3823-7255	Room 201, 2nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai, Ward 6, District 3, Ho Chi Minh City, Vietnam

