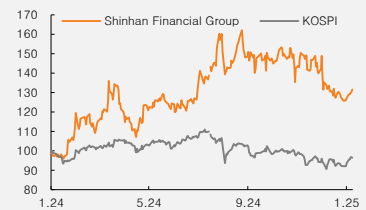


(Maintain)	Buy
Target price	W70,000
Current price (1/10/25)	W49,850
Upside	40.4%

NP (24F, Wbn)	4,706
Consensus NP (24F, Wbn)	4,739
EPS growth (24F, %)	7.6
Market EPS growth (24F, %)	70.6
P/E (24F, x)	4.9
Market P/E (24F, x)	10.6
KOSPI	2,515.78

Market cap (Wbn)	25,097
Shares outstanding (mn)	503
Free float (%)	81.8
Foreign ownership (%)	60.1
Beta (12M)	0.98
52-week low (W)	36,350
52-week high (W)	61,400

(%)	1M	6M	12M
Absolute	-0.2	-2.3	35.6
Relative	-4.1	11.4	37.1



Mirae Asset Securities Co., Ltd.

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Shinhan Financial Group

Likely to proceed with shareholder return plans

Retain Buy and TP of W70,000

We maintain our Buy rating and target price of W70,000 on Shinhan Financial Group (SFG). For 4Q24, we estimate net profit attributable to owners of the parent at W719.9bn (-1.7% YoY), meeting the consensus. We also believe the group managed to keep its CET1 ratio above the target level (13%); this should allow it to continue implementing its shareholder return policy as planned. On Oct. 24, the group announced share buybacks/cancellations worth W400bn (W250bn in 4Q24 + W150bn in 1Q25), indicating that share repurchases are likely to continue in 1Q25.

We believe interest income declined 1.9% QoQ despite slight growth in won-denominated loans (estimate: +0.7% QoQ), hurt by a 5bp QoQ drop in NIM. Meanwhile, non-interest income likely declined QoQ and YoY due to a bearish stock market and won depreciation. SG&A expenses likely increased YoY due to voluntary retirement-related costs. However, we estimate credit cost ratio improved sharply YoY on a favorable base (following significant PF-related provisions in 2023).

We estimate the CET1 ratio inched down QoQ to 13.03% but remained above the target (13%) thanks to its relatively low sensitivity to FX fluctuations. Accordingly, the group should be able to continue implementing its shareholder return plans.

For 2025, we forecast shareholder return ratio (payout ratio including dividends and buybacks) at 40.6%. SFG recently unveiled a plan to raise its shareholder return ratio to 50% by end-2027 through the expansion of both cash dividends and share buybacks/cancellations. We expect full-year stock buybacks/cancelations to be close to W1tr and estimate the shareholder return yield for 2025 at 8.6% (based on the Jan. 10 closing price).

(Dec.)	2022	2023	2024F	2025F	2026F
Net operating revenue (Wbn)	12,868	14,247	14,619	14,528	14,715
OP (Wbn)	5,906	6,101	6,843	7,181	7,470
NP (Wbn)	4,666	4,368	4,706	5,072	5,032
EPS (W)	8,620	8,478	9,773	10,968	11,402
BPS (W)	96,401	104,769	112,759	123,535	135,475
P/E (x)	4.1	4.7	4.9	4.5	4.4
P/B (x)	0.37	0.38	0.42	0.40	0.37
ROE (%)	9.5	8.4	8.6	8.8	8.3
Shareholder return yield (%)	7.6	7.6	7.2	8.6	9.5
CET1 ratio (%)	12.8	13.2	13.0	13.2	13.3

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

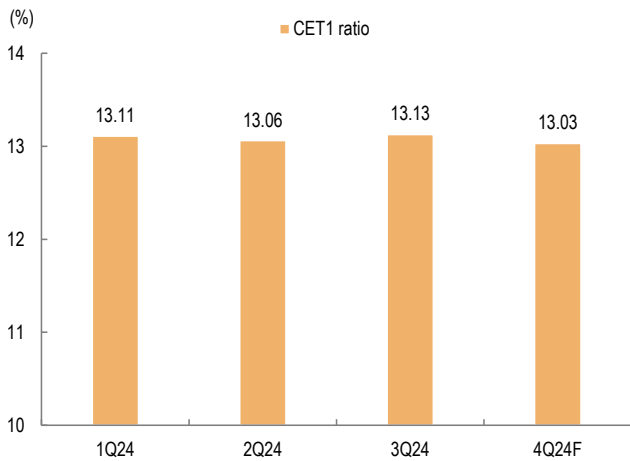
Table 1. SFG: Earnings and forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24F	2023	2024F	2025F
Net operating revenue	3,818	3,934	3,683	3,184	14,247	14,619	14,528
Interest income	2,816	2,822	2,855	2,800	10,818	11,293	11,178
Bank	1,664	1,674	1,666	1,620	6,427	6,624	6,442
Non-bank	1,152	1,148	1,189	1,180	4,391	4,669	4,736
Non-interest income	1,002	1,112	828	384	3,430	3,327	3,351
SG&A expenses	1,372	1,472	1,489	1,624	5,895	5,957	5,816
PPOP	2,446	2,462	2,194	1,560	8,352	8,662	8,712
Provisioning	378	610	403	429	2,251	1,819	1,531
OP	2,068	1,853	1,790	1,132	6,101	6,843	7,181
Non-OP	-278	19	-105	-115	-136	-478	-136
Pretax profit	1,791	1,871	1,686	1,017	5,965	6,365	7,045
Taxes	443	420	419	268	1,487	1,550	1,860
Consolidated NP	1,348	1,451	1,267	748	4,478	4,814	5,185
NP attr. to owners of the parent	1,322	1,425	1,239	720	4,368	4,706	5,072

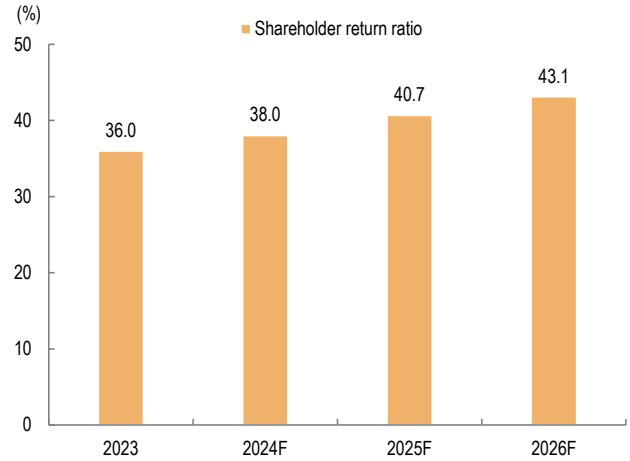
Source: Company data, Mirae Asset Securities Research

Figure 1. CET1 ratio



Source: Company data, Mirae Asset Securities Research

Figure 2. Shareholder return ratio



Note: Shareholder return ratio is the payout ratio including dividends + buybacks.
Source: Company data, Mirae Asset Securities Research

Shinhan Financial Group (055550 KS)

Income statement

(Wbn)	2023	2024F	2025F	2026F
Net operating revenue	14,247	14,619	14,528	14,715
Interest income	10,818	11,293	11,178	11,281
Bank	6,427	6,624	6,442	6,458
Non-bank	4,391	4,669	4,736	4,823
Non-interest income	3,430	3,327	3,351	3,434
SG&A expenses	5,895	5,957	5,816	5,828
PPOP	8,352	8,662	8,712	8,887
Provisioning	2,251	1,819	1,531	1,417
OP	6,101	6,843	7,181	7,470
Non-OP	-136	-478	-136	-478
Pretax profit	5,965	6,365	7,045	6,992
Taxes	1,487	1,550	1,860	1,846
NP	4,478	4,814	5,185	5,146
Attr. to owners of the parent	4,368	4,706	5,072	5,032
Minority interests	110	109	114	114

Growth (%)	2023	2024F	2025F	2026F
Net operating revenue	10.7	2.6	-0.6	1.3
Interest income	2.1	4.4	-1.0	0.9
Bank	1.3	3.1	-2.7	0.3
Non-bank	3.3	6.3	1.4	1.8
Non-interest income	51.0	-3.0	0.7	2.5
SG&A expenses	4.5	1.0	-2.4	0.2
PPOP	15.6	3.7	0.6	2.0
Provisioning	70.8	-19.2	-15.8	-7.5
OP	3.3	12.2	4.9	4.0
Non-OP	-129.5	252.1	-71.6	252.1
Pretax profit	-6.3	6.7	10.7	-0.8
Taxes	-7.7	4.3	20.0	-0.8
NP	-5.8	7.5	7.7	-0.8
Attr. to owners of the parent	-6.4	7.7	7.8	-0.8
Minority interests	22.4	-1.3	4.6	0.0

Performance indicators

(%, Wbn)	2023	2024F	2025F	2026F
NIM	1.59	1.59	1.47	1.43
NIS	2.02	1.89	1.76	1.72
Cost-to-income ratio	41.4	40.7	40.0	39.6
Credit cost ratio	0.57	0.42	0.35	0.31
Asset growth	4.1	8.4	3.0	3.5
Equity growth (attr. to owners)	5.9	4.5	5.4	4.8
BIS capital	50,193	53,687	56,698	59,562
Tier 1 capital	46,507	50,283	53,294	56,158
CET1 capital	41,388	44,493	47,505	50,368
Tier 2 capital	3,686	3,404	3,404	3,404
Risk-weighted assets	314,181	341,467	358,859	378,995
BIS capital adequacy ratio	16.0	15.7	15.8	15.7
Tier 1 capital	14.8	14.7	14.9	14.8
CET1 capital	13.2	13.0	13.2	13.3
Tier 2 capital	1.2	1.0	0.9	0.9

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet

(Wbn)	2023	2024F	2025F	2026F
Assets	691,795	750,084	772,832	800,211
Cash/cash equivalents	34,660	44,756	46,113	47,747
Securities	195,426	201,712	207,829	215,192
Loans	413,498	448,497	462,099	478,469
Won-denominated bank loans	290,336	322,142	331,911	343,670
Tangible assets	3,972	4,001	4,001	4,001
Other	44,239	51,118	52,789	54,801
Liabilities	635,473	691,175	710,911	735,427
Deposits	381,513	418,844	431,546	446,834
Won-denominated bank deposits	292,788	323,752	333,571	345,388
Borrowings	138,463	145,565	149,722	154,885
Other	115,498	126,766	129,644	133,708
Equity	56,322	58,909	61,920	64,784
Attr. to owners of the parent	53,721	56,144	59,155	62,019
Capital stock	2,970	2,970	2,970	2,970
Capital surplus	12,095	12,095	12,095	12,095
Capital adj.	-659	-857	-857	-857
AOCI	-1,074	-2,039	-2,038	-2,037
Retained earnings	36,387	39,375	42,386	45,248
Other	4,002	4,600	4,600	4,600
Minority interests	2,601	2,766	2,766	2,766

Investment indicators

(x, %, W)	2023	2024F	2025F	2026F
Valuation				
P/E	4.7	4.9	4.5	4.4
P/B	0.38	0.42	0.40	0.37
Dividend yield	5.2	4.5	4.6	4.8
Per-share indicators				
EPS	8,478	9,773	10,968	11,402
BPS	104,769	112,759	123,535	135,475
DPS	2,100	2,160	2,280	2,400
Growth				
EPS	8.7	7.6	9.6	9.7
BPS	8.7	7.6	9.6	9.7
Profitability				
ROE	8.4	8.6	8.8	8.3
ROA	0.64	0.65	0.67	0.64
PPOP margin	58.6	59.3	60.0	60.4
OP margin	42.8	46.8	49.4	50.8
Pretax margin	41.9	43.5	48.5	47.5
Net margin	30.7	32.2	34.9	34.2

No. of shares & dividend payout ratio

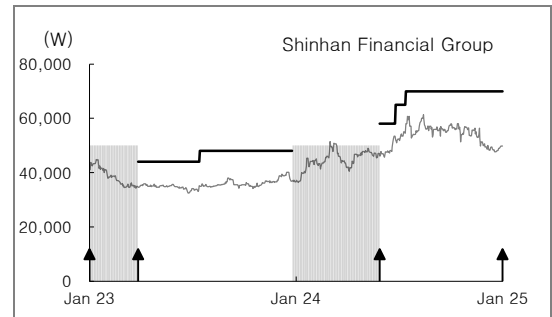
('000, %)	2023	2024F	2025F	2026F
Issued shares (year-end)	512,759	504,378	485,321	464,258
Common	512,759	504,378	485,321	464,258
Preferred	0	0	0	0
Dividend payout ratio	24.9	23.2	21.9	22.3
Common	24.7	23.2	21.9	22.3
Preferred	0.2	0.0	0.0	0.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Shinhan Financial Group (055550)	07/26/24	Buy	70,000
	07/08/24	Buy	65,000
	06/10/24	Buy	58,000
	01/08/24	No Coverage	
	07/28/23	Buy	48,000
	04/10/23	Buy	44,000
	02/03/22	No Coverage	



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

* Based on recommendations in the last 12-months (as of December 31, 2024)

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