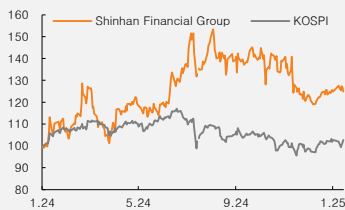


(Maintain)	<b>Buy</b>
Target price	<b>▲ W76,000</b>
Current price (2/6/25)	W50,000
Upside	52.0%

NP (24, Wbn)	4,518
Consensus NP (24F, Wbn)	4,684
EPS growth (24, %)	7.5
Market EPS growth (24F, %)	68.3
P/E (24, x)	5.3
Market P/E (24F, x)	10.8
KOSPI	2,536.75

Market cap (Wbn)	25,172
Shares outstanding (mn)	503
Free float (%)	81.0
Foreign ownership (%)	59.8
Beta (12M)	0.78
52-week low (W)	40,550
52-week high (W)	61,400

(%)	<b>1M</b>	<b>6M</b>	<b>12M</b>
Absolute	2.1	-6.0	18.6
Relative	0.2	-6.6	20.5



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# Shinhan Financial Group

## Leading the way in “value-up” initiatives

### Raise TP to W76,000; maintain Buy

We maintain our Buy rating on Shinhan Financial Group (SFG) and raise our target price to W76,000 (from W70,000). SFG is continuing its aggressive buyback/cancellation program, announcing plans to repurchase and retire an additional W500bn worth of shares from February (following W150bn in January). With its sustained share buyback/cancellation strategy, the group is demonstrating a strong commitment to shareholder returns and positioning itself as the leading “value-up” play among banks. As such, we recommend SFG as our top pick in the banking sector.

For 4Q24, the group posted net profit attributable to owners of the parent of W473.4bn, missing our estimate (W719.9bn) and the consensus (W670.7bn) due to: 1) non-interest losses of W251.5bn, including impairment losses on securities; 2) early retirement costs of W166bn; 3) W33.4bn in donations; and 4) W127.8bn in additional provisioning.

Meanwhile, despite declining 14bps QoQ to 13.03%, the CET1 ratio remained above the target (13%), supported by tight control of risk-weighted asset growth. SFG plans to keep the ratio above 13% through continued risk-weighted asset management.

Interest income was in line with expectations, rising 4.4% YoY and 1.9% QoQ. NIM narrowed 4bps QoQ for both the group and bank, while the won-denominated loan balance edged up 0.1% QoQ.

Non-interest income missed estimates, falling 51.3% YoY and 74% QoQ, primarily due to impairment losses on invested securities. Fee/commission income was also weak, declining 11.3% YoY and 12.4% QoQ.

Credit costs were higher than expected (-21.4% YoY, +49.6% QoQ), mainly due to preemptive provisioning. Credit cost ratio improved YoY to 56bps (-22bps YoY, +18bps QoQ).

(Dec.)	2022	2023	2024	2025F	2026F
Net operating revenue (Wbn)	12,868	14,247	14,660	14,878	15,138
OP (Wbn)	5,906	6,101	6,550	7,080	7,392
NP (Wbn)	4,666	4,368	4,518	5,000	5,229
EPS (W)	8,620	8,478	8,955	10,341	11,431
BPS (W)	96,401	104,769	112,575	123,522	136,929
P/E (x)	4.1	4.7	5.3	4.8	4.4
P/B (x)	0.37	0.38	0.42	0.40	0.37
ROE (%)	9.5	8.4	8.2	8.7	8.7
Shareholder return yield (%)	7.6	7.6	7.3	9.1	10.8
CET1 ratio (%)	12.8	13.2	13.0	13.2	13.2

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

Source: Company data, Mirae Asset Securities Research estimates

**Table 1. SFG: TP calculation**

(W, x, %)

	Value	Notes
Previous TP	70,000	
2024F ROE	8.2	Mirae Asset Securities est.
Adj. discount rate	14.1	
Target P/B	0.58	
2024F BPS	121,660	Mirae Asset Securities est.
Revised TP	76,000	
2025F ROE (G)	8.7	Mirae Asset Securities est.
Adj. discount rate	14.1	
Target P/B	0.61	
2025F BPS	123,554	Mirae Asset Securities est.
Current price	50,000	
Upside	52.0	(K) = (J) ÷ (A)
Rating	Buy	Over 20% upside

Source: Company data, Mirae Asset Securities Research

**Table 2. SFG: 4Q24 review**

(Wbn, %)

	Mirae Asset	4Q24	Notes
Net operating revenue	3,745	3,145	
Interest income	2,796	2,910	Group and bank NIM narrowed 4bps QoQ
Bank	1,657	1,661	
Non-bank	1,140	1,248	
Non-interest income	948	236	Fee/commission income: -11.3% YoY, -12.4% QoQ
SG&A expenses	1,386	1,783	SG&A ratio: 56.7% (+7.8%p YoY, +17.1%p QoQ)
PPOP	2,359	1,362	
Provisioning	485	603	Credit cost ratio: 56bps (-22bps YoY, +18bps QoQ)
OP	1,874	759	
Non-OP	-114	-63	
Pretax profit	1,760	696	
Taxes	465	195	
Consolidated NP	1,296	501	
NP attr. to owners of the parent	1,270	473	

Source: Company data, Mirae Asset Securities Research

**Table 3. SFG: Earnings and forecasts**

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2023	2024	2025F
Net operating revenue	3,818	3,934	3,762	3,145	14,247	14,660	14,878
Interest income	2,816	2,822	2,855	2,910	10,818	11,402	11,605
Bank	1,664	1,674	1,666	1,661	6,427	6,665	6,594
Non-bank	1,152	1,148	1,189	1,248	4,391	4,737	5,011
Non-interest income	1,002	1,112	907	236	3,430	3,258	3,273
SG&A expenses	1,372	1,472	1,489	1,783	5,895	6,116	6,052
PPOP	2,446	2,462	2,273	1,362	8,352	8,544	8,826
Provisioning	378	610	403	603	2,251	1,994	1,746
OP	2,068	1,853	1,870	759	6,101	6,550	7,080
Non-OP	-278	19	-105	-63	-136	-426	-136
Pretax profit	1,791	1,871	1,765	696	5,965	6,124	6,944
Taxes	443	420	440	195	1,487	1,498	1,833
Consolidated NP	1,348	1,451	1,325	501	4,478	4,626	5,111
NP attr. to owners of the parent	1,322	1,425	1,297	473	4,368	4,518	5,000

Source: Company data, Mirae Asset Securities Research

## Shinhan Financial Group (055550 KS)

## Income statement

(Wbn)	2023	2024F	2025F	2026F
Net operating revenue	14,247	14,660	14,878	15,138
Interest income	10,818	11,402	11,605	11,714
Bank	6,427	6,665	6,594	6,611
Non-bank	4,391	4,737	5,011	5,103
Non-interest income	3,430	3,258	3,273	3,425
SG&A expenses	5,895	6,116	6,052	6,162
PPOP	8,352	8,544	8,826	8,976
Provisioning	2,251	1,994	1,746	1,584
OP	6,101	6,550	7,080	7,392
Non-OP	-136	-426	-136	-136
Pretax profit	5,965	6,124	6,944	7,256
Taxes	1,487	1,498	1,833	1,916
NP	4,478	4,626	5,111	5,341
Attr. to owners of the parent	4,368	4,518	5,000	5,229
Minority interests	110	108	111	111

Growth (%)	2023	2024F	2025F	2026F
Net operating revenue	10.7	2.9	1.5	1.7
Interest income	2.1	5.4	1.8	0.9
Bank	1.3	3.7	-1.1	0.3
Non-bank	3.3	7.9	5.8	1.8
Non-interest income	51.0	-5.0	0.5	4.6
SG&A expenses	4.5	3.7	-1.1	1.8
PPOP	15.6	2.3	3.3	1.7
Provisioning	70.8	-11.4	-12.4	-9.3
OP	3.3	7.4	8.1	4.4
Non-OP	-129.5	213.6	-68.1	0.0
Pretax profit	-6.3	2.7	13.4	4.5
Taxes	-7.7	0.8	22.4	4.5
NP	-5.8	3.3	10.5	4.5
Attr. to owners of the parent	-6.4	3.4	10.7	4.6
Minority interests	22.4	-1.8	3.0	0.0

## Performance indicators

(%, Wbn)	2023	2024F	2025F	2026F
NIM	1.59	1.58	1.48	1.44
NIS	2.02	1.87	1.71	1.67
Cost-to-income ratio	41.4	41.7	40.7	40.7
Credit cost ratio	0.57	0.47	0.40	0.35
Asset growth	4.1	6.9	3.0	3.5
Equity growth (attr. to owners)	5.9	4.5	5.1	4.8
BIS capital	50,193	54,010	56,872	59,713
Tier 1 capital	46,507	50,480	53,343	56,184
CET1 capital	41,388	44,650	47,512	50,353
Tier 2 capital	3,686	3,530	3,530	3,530
Risk-weighted assets	314,181	342,659	360,111	380,317
BIS capital adequacy ratio	16.0	15.8	15.8	15.7
Tier 1 capital	14.8	14.7	14.8	14.8
CET1 capital	13.2	13.0	13.2	13.2
Tier 2 capital	1.2	1.0	1.0	0.9

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet

(Wbn)	2023	2024F	2025F	2026F
Assets	691,795	739,741	762,174	789,176
Cash/cash equivalents	34,660	40,561	41,791	43,272
Securities	195,426	197,353	203,338	210,542
Loans	413,498	451,175	464,858	481,326
Won-denominated bank loans	290,336	320,223	329,935	341,623
Tangible assets	3,972	4,158	4,158	4,158
Other	44,239	46,494	48,030	49,879
Liabilities	635,473	680,861	700,433	724,593
Deposits	381,513	422,781	435,603	451,035
Won-denominated bank deposits	292,788	326,961	336,877	348,812
Borrowings	138,463	143,685	147,815	152,914
Other	115,498	114,395	117,015	120,645
Equity	56,322	58,880	61,742	64,583
Attr. to owners of the parent	53,721	56,113	58,975	61,816
Capital stock	2,970	2,970	2,970	2,970
Capital surplus	12,095	12,095	12,095	12,095
Capital adj.	-659	-807	-807	-807
AOCI	-1,074	-1,833	-1,834	-1,835
Retained earnings	36,387	39,088	41,951	44,793
Other	4,002	4,600	4,600	4,600
Minority interests	2,601	2,767	2,767	2,767

## Investment indicators

(x, %, W)	2023	2024F	2025F	2026F
Valuation				
P/E	4.7	5.3	4.8	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	8,955	10,341	11,431
BPS	104,769	112,575	123,522	136,929
DPS	2,100	2,160	2,280	2,400
Growth				
EPS	8.7	7.5	9.7	10.9
BPS	8.7	7.5	9.7	10.9
Profitability				
ROE	8.4	8.2	8.7	8.7
ROA	0.64	0.63	0.67	0.67
PPOP margin	58.6	58.3	59.3	59.3
OP margin	42.8	44.7	47.6	48.8
Pretax margin	41.9	41.8	46.7	47.9
Net margin	30.7	30.8	33.6	34.5

## No. of shares &amp; dividend payout ratio

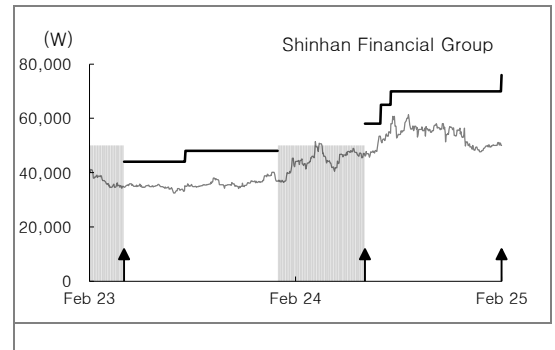
('000, %)	2023	2024F	2025F	2026F
Issued shares (year-end)	512,759	504,393	483,393	457,393
Common	512,759	504,393	483,393	457,393
Preferred	0	0	0	0
Dividend payout ratio	24.9	24.1	21.7	20.8
Common	24.7	24.1	21.7	20.8
Preferred	0.2	0.0	0.0	0.0

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (W)
Shinhan Financial Group (055550)	02/07/25	Buy	76,000
	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



### 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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