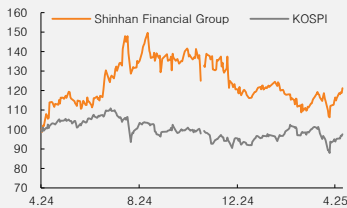


(Maintain)	<b>Buy</b>
Target price	<b>W76,000</b>
Current price (4/25/25)	W49,750
Upside	52.8%

NP (25F, Wbn)	4,841
Consensus NP (25F, Wbn)	4,897
EPS growth (25F, %)	13.3
Market EPS growth (25F, %)	26.7
P/E (25F, x)	5.2
Market P/E (25F, x)	9.2
KOSPI	2,546.30

Market cap (Wbn)	25,046
Shares outstanding (mn)	503
Free float (%)	78.9
Foreign ownership (%)	57.5
Beta (12M)	0.64
52-week low (W)	43,500
52-week high (W)	61,400

(%)	1M	6M	12M
Absolute	1.6	-14.2	14.4
Relative	4.4	-13.0	18.1



Mirae Asset Securities Co., Ltd.

Tae Joon Jeong, CFA

taejoon.jeong@miraeasset.com

# Shinhan Financial Group

## More concrete road map for growth

### Maintain Buy and TP of W76,000

We maintain our Buy rating on Shinhan Financial Group (SFG) with a target price of W76,000. Alongside its 1Q25 earnings release, SFG presented specific targets for 2025, including: 1) a 50bp improvement in ROE; 2) a CET1 ratio of over 13.1%; and 3) a shareholder return ratio (dividends + buybacks) of over 42%. Moreover, management expressed a strong commitment to accelerating share buyback/cancellation efforts to address the stock's undervaluation. In our view, SFG's proactive communication with the market is positive in terms of fostering long-term investor confidence.

For 1Q25, the group posted net profit attributable to owners of the parent of W1.49tr, broadly in line with our estimate (W1.51tr) and the consensus (W1.44tr). Interest income, non-interest income, and credit costs were all at decent levels.

Interest income was in line with expectations, rising 1.4% YoY but declining 1.9% QoQ. Group and bank NIM improved by 5bps and 3bps QoQ, respectively, while the won-denominated loan balance increased 0.4% QoQ. The sharp NIM improvement was mainly driven by lower funding costs (a result of tight control over loan growth). That said, we expect NIM to decline again going forward.

Non-interest income exceeded estimates, falling 6.3% YoY but surging 275.3% QoQ. Fee/commission income declined 3.6% YoY but rose 12.1% QoQ. The YoY decline in non-interest income was mainly due to lower card fees, securities fees/commissions, and insurance income.

Credit costs were in line with expectations (+15.4% YoY, -38.5% QoQ). The credit cost ratio rose 4bps YoY to 41bps, but this still represents a healthy level considering the overall deterioration in asset quality across the sector.

The CET1 ratio rose 21bps QoQ to 13.27%. Risk-weighted assets grew 0.9%, slightly outpacing loan growth. Despite expectations for higher loan growth and continued shareholder returns in 2H25, we expect the year-end CET1 ratio to exceed the group's target, reaching 13.14%.

(Dec.)	2023	2024	2025F	2026F	2027F
Net operating revenue (Wbn)	14,247	14,674	14,564	14,821	15,274
OP (Wbn)	6,101	6,459	6,769	7,077	7,507
NP (Wbn)	4,368	4,450	4,841	5,027	5,344
EPS (W)	8,478	8,800	9,970	10,916	12,447
BPS (W)	104,769	112,364	122,563	135,209	151,514
P/E (x)	4.7	5.4	5.0	4.6	4.0
P/B (x)	0.38	0.42	0.41	0.37	0.33
ROE (%)	8.4	8.1	8.4	8.4	8.5
Shareholder return yield (%)	7.6	7.3	8.9	10.6	12.8
CET1 ratio (%)	13.2	13.1	13.1	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: 1Q25 review**

(Wbn, %)

	Mirae Asset	1Q25	Notes
Net operating revenue	3,833	3,794	
Interest income	2,950	2,855	Group NIM +5bps, bank NIM +3bps QoQ
Bank	1,697	1,703	
Non-bank	1,253	1,152	
Non-interest income	883	939	Fee/commission income: -3.6% YoY, +12.1% QoQ
SG&A expenses	1,418	1,414	SG&A ratio: 37.3% (+1.3%p YoY, -19.2%p QoQ)
PPOP	2,415	2,380	
Provisioning	429	436	Credit cost ratio: 41bps (+4bps YoY, -25bps QoQ)
OP	1,985	1,944	
Non-OP	101	61	
Pretax profit	2,086	2,006	
Taxes	551	489	
Consolidated NP	1,535	1,517	
NP attr. to owners of the parent	1,270	473	

Source: Company data, Mirae Asset Securities Research

**Table 2. SFG: Earnings and forecasts**

(Wbn)

	1Q25	2Q25F	3Q25F	4Q25F	2024	2025F	2026F
Net operating revenue	3,794	3,804	3,671	3,295	14,674	14,564	14,821
Interest income	2,855	2,850	2,850	2,867	11,402	11,423	11,546
Bank	1,703	1,693	1,691	1,701	6,665	6,787	6,843
Non-bank	1,152	1,157	1,160	1,167	4,737	4,635	4,703
Non-interest income	939	954	821	428	3,272	3,141	3,276
SG&A expenses	1,414	1,407	1,358	1,648	6,116	5,827	5,922
PPOP	2,380	2,396	2,313	1,648	8,558	8,737	8,900
Provisioning	436	486	493	553	2,099	1,968	1,823
OP	1,944	1,911	1,820	1,094	6,459	6,769	7,077
Non-OP	61	19	-105	-66	-430	-91	-91
Pretax profit	2,006	1,930	1,715	1,028	6,029	6,678	6,986
Taxes	489	509	453	271	1,471	1,722	1,844
Consolidated NP	1,517	1,420	1,262	757	4,558	4,956	5,142
NP attr. to owners of the parent	1,488	1,392	1,234	728	4,450	4,841	5,027

Source: Company data, Mirae Asset Securities Research

## Shinhan Financial Group (055550 KS)

## Income statement

(Wbn)	2024	2025F	2026F	2027F
Net operating revenue	14,674	14,564	14,821	15,274
Interest income	11,402	11,423	11,546	11,857
Bank	6,665	6,787	6,843	7,109
Non-bank	4,737	4,635	4,703	4,748
Non-interest income	3,272	3,141	3,276	3,417
SG&A expenses	6,116	5,827	5,922	6,106
PPOP	8,558	8,737	8,900	9,168
Provisioning	2,099	1,968	1,823	1,660
OP	6,459	6,769	7,077	7,507
Non-OP	-430	-91	-91	-91
Pretax profit	6,029	6,678	6,986	7,417
Taxes	1,471	1,722	1,844	1,958
NP	4,558	4,956	5,142	5,459
Attr. to owners of the parent	4,450	4,841	5,027	5,344
Minority interests	108	115	115	115

Growth (%)	2024	2025F	2026F	2027F
Net operating revenue	3.0	-0.8	1.8	3.1
Interest income	5.4	0.2	1.1	2.7
Bank	3.7	1.8	0.8	3.9
Non-bank	7.9	-2.2	1.5	1.0
Non-interest income	-4.6	-4.0	4.3	4.3
SG&A expenses	3.7	-4.7	1.6	3.1
PPOP	2.5	2.1	1.9	3.0
Provisioning	-6.7	-6.3	-7.4	-8.9
OP	5.9	4.8	4.5	6.1
Non-OP	216.1	-78.9	0.0	0.0
Pretax profit	1.1	10.8	4.6	6.2
Taxes	-1.1	17.1	7.1	6.2
NP	1.8	8.7	3.7	6.2
Attr. to owners of the parent	1.9	8.8	3.8	6.3
Minority interests	-1.8	6.3	0.0	0.0

## Performance indicators

(%, Wbn)	2024	2025F	2026F	2027F
NIM	1.58	1.52	1.47	1.47
NIS	1.87	1.77	1.74	1.74
Cost-to-income ratio	41.7	40.0	40.0	40.0
Credit cost ratio	0.49	0.44	0.40	0.35
Asset growth	6.9	4.4	4.1	4.1
Equity growth (attr. to owners)	4.3	4.7	4.5	4.4
BIS capital	53,905	56,888	59,545	62,221
Tier 1 capital	50,393	53,642	56,299	58,975
CET1 capital	44,570	47,586	50,243	52,919
Tier 2 capital	3,512	3,246	3,246	3,246
Risk-weighted assets	341,379	362,031	381,217	398,260
BIS capital adequacy ratio	15.8	15.7	15.6	15.6
Tier 1 capital	14.8	14.8	14.8	14.8
CET1 capital	13.1	13.1	13.2	13.3
Tier 2 capital	1.0	0.9	0.9	0.8

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet

(Wbn)	2024	2025F	2026F	2027F
Assets	739,741	772,640	803,992	836,617
Cash/cash equivalents	40,561	44,722	46,537	48,426
Securities	197,353	206,591	214,974	223,697
Loans	451,175	466,165	485,081	504,765
Won-denominated bank loans	320,223	332,908	346,416	360,474
Tangible assets	4,158	4,109	4,109	4,109
Other	46,494	51,053	53,291	55,621
Liabilities	680,943	711,432	740,127	770,076
Deposits	422,781	434,893	452,541	470,904
Won-denominated bank deposits	326,961	335,748	349,372	363,549
Borrowings	143,686	145,430	151,296	157,418
Other	114,476	131,108	136,291	141,754
Equity	58,821	61,208	63,865	66,541
Attr. to owners of the parent	56,054	58,678	61,335	64,011
Capital stock	2,970	2,970	2,970	2,970
Capital surplus	12,095	12,095	12,095	12,095
Capital adj.	-807	-1,084	-1,084	-1,084
AOCI	-1,824	-2,358	-2,358	-2,358
Retained earnings	39,021	42,056	44,713	47,389
Other	4,600	4,999	4,999	4,999
Minority interests	2,767	2,530	2,530	2,530

## Investment indicators

(x, %, W)	2024	2025F	2026F	2027F
Valuation				
P/E	5.4	5.0	4.6	4.0
P/B	0.42	0.41	0.37	0.33
Dividend yield	4.5	4.6	4.9	5.2
Per-share indicators				
EPS	8,800	9,970	10,916	12,447
BPS	112,364	122,563	135,209	151,514
DPS	2,160	2,280	2,440	2,600
Growth				
EPS	7.2	9.1	10.3	12.1
BPS	7.2	9.1	10.3	12.1
Profitability				
ROE	8.1	8.4	8.4	8.5
ROA	0.62	0.64	0.64	0.65
PPOP margin	58.3	60.0	60.0	60.0
OP margin	44.0	46.5	47.7	49.2
Pretax margin	41.1	45.9	47.1	48.6
Net margin	30.3	33.2	33.9	35.0

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

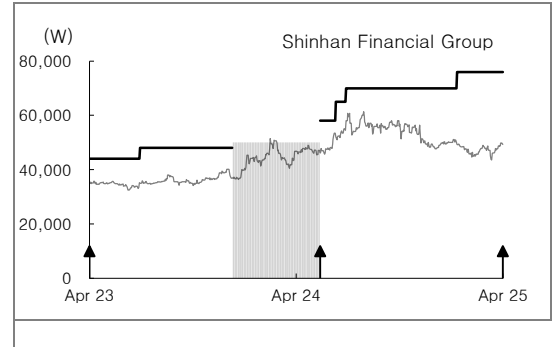
('000, %)	2024	2025F	2026F	2027F
Issued shares (year-end)	503,445	483,345	458,219	427,063
Common	503,445	483,345	458,219	427,063
Preferred	0	0	0	0
Dividend payout ratio	24.4	22.6	22.3	20.9
Common	24.4	22.6	22.3	20.9
Preferred	0.0	0.0	0.0	0.0

# 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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

\* Based on recommendations in the last 12-months (as of March 31, 2025)

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## Mirae Asset Securities International Network

---

### Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team  
Mirae Asset Center 1 Building  
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539  
Korea

Tel: 82-2-3774-2124

---

### Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor  
New York, NY 10019  
USA

Tel: 1-212-407-1000

---

### Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01  
Singapore 049909  
Republic of Singapore

Tel: 65-6671-9845

---

### Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers  
B12 Jianguomenwai Avenue, Chaoyang District  
Beijing 100022  
China

Tel: 86-10-6567-9699

---

### Ho Chi Minh Representative Office

7F, Saigon Royal Building  
91 Pasteur St.  
District 1, Ben Nghe Ward, Ho Chi Minh City  
Vietnam

Tel: 84-8-3910-7715

---

### Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong  
Tel: 852-2845-6332

---

### Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building  
Vila Olimpia  
Sao Paulo - SP  
04551-060  
Brazil  
Tel: 55-11-2789-2100

---

### Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building  
91 Pasteur St.  
District 1, Ben Nghe Ward, Ho Chi Minh City  
Vietnam

Tel: 84-8-3911-0633 (ext.110)

---

### Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers  
B12 Jianguomenwai Avenue, Chaoyang District  
Beijing 100022  
China

Tel: 86-10-6567-9699 (ext. 3300)

---

### Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,  
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070  
India

Tel: 91-22-62661300 / 48821300

---

### Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42  
25 Old Broad Street,  
London EC2N 1HQ  
United Kingdom

Tel: 44-20-7982-8000

---

### PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50  
Sudirman Central Business District  
Jl. Jend. Sudirman, Kav. 52-54  
Jakarta Selatan 12190  
Indonesia  
Tel: 62-21-5088-7000

---

### Mirae Asset Securities Mongolia UTsK LLC

#406, Blue Sky Tower, Peace Avenue 17  
1 Khoroov, Sukhbaatar District  
Ulaanbaatar 14240  
Mongolia

Tel: 976-7011-0806

---

### Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center  
100 Century Avenue, Pudong New Area  
Shanghai 200120  
China

Tel: 86-21-5013-6392

---