

Business Results

2018 1H

2020 SMART PROJECT

Summer

Disclaimer Statement

The financial information contained herein has neither been reviewed or audited by independent auditors.

Therefore, no assurance is given that the financial information contained herein is accurate or complete, and such financial information may differ from the financial information to be contained in our financial statements audited by independent auditors. The information contained herein is subject to change without further notice.

We also note the following:

- 1) Financial information has been prepared in accordance with the Korean IFRS.
- 2) Financial information for the years ended December 31, 2011, 2012 and 2013 have been retroactively restated to reflect changes in accounting policies.
- 3) The financial figures have been derived following K-IFRS No.1109, 'Financial instruments' and K-IFRS No.1115, 'Revenue from Contracts with Customers' for the year beginning on January 1, 2018.
(Financial information for periods prior to December 31, 2017 has not been restated)

This presentation material is available at our website, www.shinhangroup.com.



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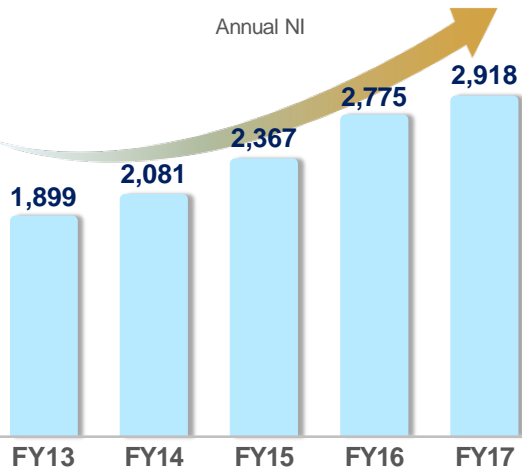


2018 1H Business Result Highlights ①

Group Net Income

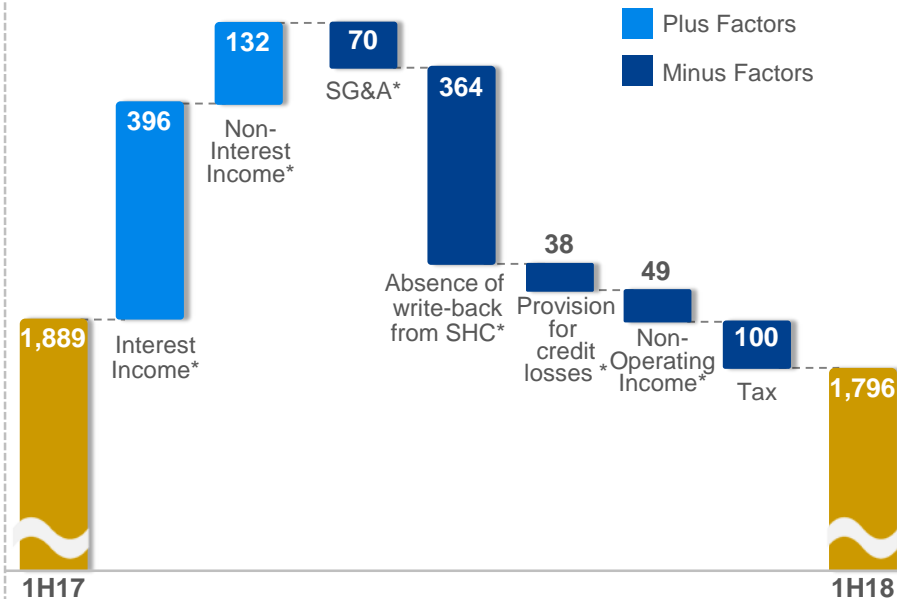
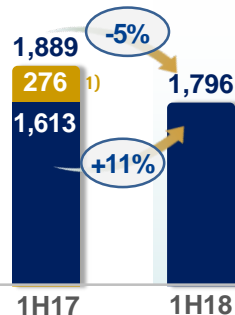
(KRW bil.)

Annual NI



Quarterly NI

Note) Write-backs from SHC in 1Q17



* Earnings before income tax

1 Sustainable net income growth across major business lines : Bank, Card, Securities, AM, Capital, etc. **938 bil.**
(2018 2Q Net Income)

2 Strong core earnings driven by NIM expansion with strong loan growth in SMEs **1.63%**
+3.2%
(SHB 2Q18 Quarterly SME growth and NIM)

3 Group-wide disciplined cost management bringing Cost-to-Income Ratio down to the lowest level in 5 years **43.6%**
(2018 1H Cost-to-Income Ratio)

4 Continuously stabilizing credit cost through prudent credit risk management **26bp**
(2018 1H Credit Costs)

Project 2020 Initiatives : Year of Tangible Results

1 Balanced Growth

Bank	Interest Income	Domestic	Organic	Analog (Off-line)	Entity Centric	Business Strategy	Corporate-oriented
NI from Banks (YoY)	Interest Income (YoY)	NI from Domestic (YoY) ²⁾	Group NI (YoY) ²⁾	Cost-to - Income Ratio	Customized Strategy for each of the subsidiaries	Mid-term Business Strategy 2020 SMART Project	Creative Culture, "The Shinhan Leader"
+15%	+11%	+10%	+11%	43.6%			

Non-Banks	Non-Interest Income	Overseas	Inorganic	Digital (On-line)	One Shinhan	Corporate Culture	Community-oriented
NI from Non-Banks (YoY) ³⁾	Non-interest Income (YoY)	NI from Global Business (SHB, YoY)	New Business Lines + M&As REITs, ANZ Vietnam, PVFC, Archipelago Asset Mgmt.	Operating Income through Digital Platform	Matrix Business Lines, Cross-Selling Ratio	Corporate-Governance Recognition	Compassionate Finance "Society of Hope" Project
+24%	+17%	+24%		575 bil.	39.6%	S Grade from CGS	
Non Banks NI Contribution 33%	Non-Interest Income Proportion 18% (27%) ⁴⁾	Global NI Contribution 13%					

2 Global Expansion

3 Digital Transformation

4 Uphold Corp. Culture

1) Financial Figures are as of June 30, 2018

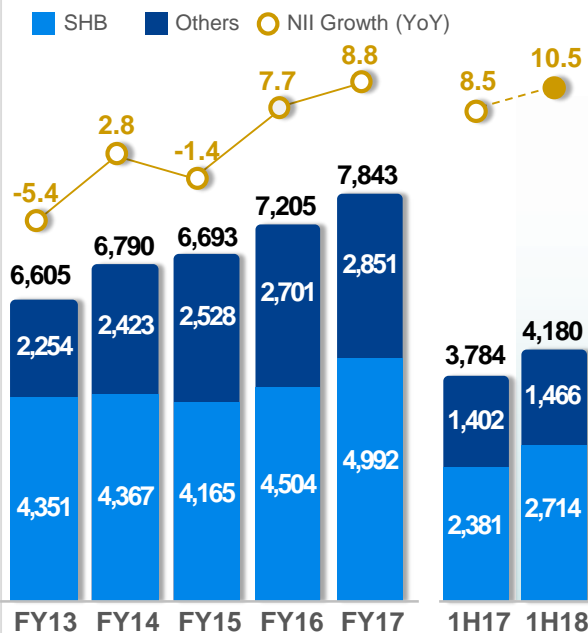
3) Excluding non-recurring write-backs and sales gains from securities disposal from Shinhan Card

2) Excluding write-backs from Shinhan Card

4) Excluding Interest expenses related to Provision for policy reserves of Shinhan Life

Interest Income

(%, KRW bil.)

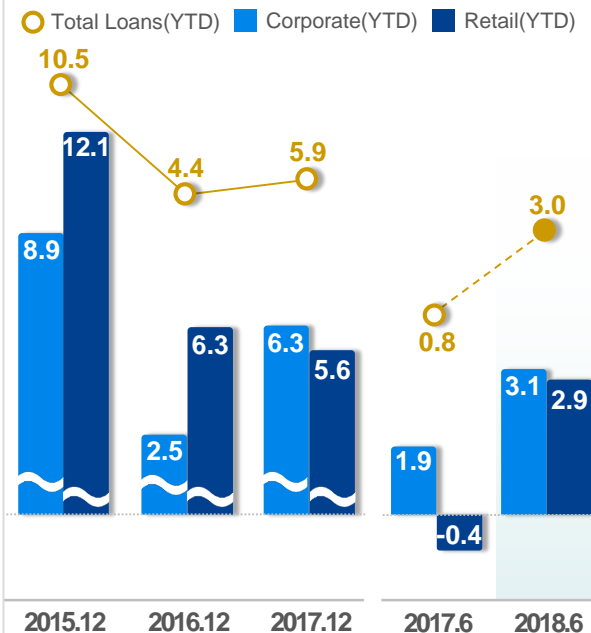


NII Riding Upward Trajectory

- SFG's Interest income increased by 10.5% YoY and 3.1% QoQ attributed to resilient loan growth coupled with continuous margin improvement.
- Interest Income from domestic increased by 9.0% YoY whereas global hiked 32.8% YoY improving its contribution to the Group NII from 6.0% in 1H17 to 7.2% in 1H18.
- NII improvement is attributed to constant drive to focus on qualitative asset growth.

SHB Loan Growth

(%)

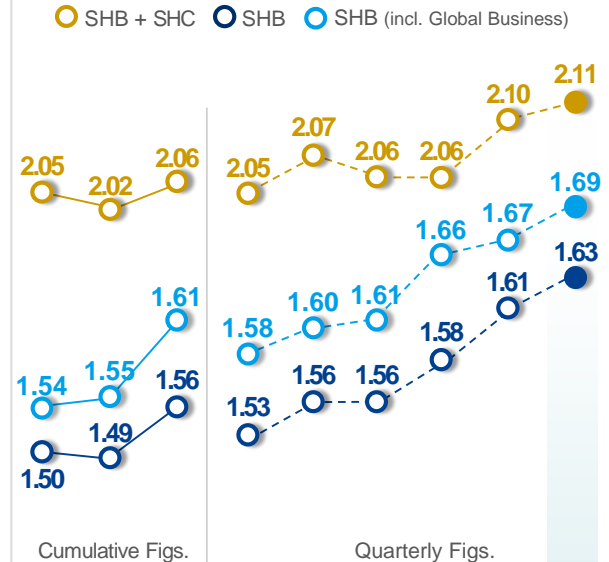


Strong SME Loan Growth

- KRW loan balance as end of 1H18 marked 201 tril. up by 3.0% YTD and 2.0% QoQ.
- Corporate** : SOHO loans increased by 4.2% in 2Q, bringing up corporate loan growth to 2.4% QoQ.
- Retail** : Personal loans including unsecured Personal loans and Jeonse loans increased by 2.7% in 2Q, shoring up retail loan growth to 1.6% QoQ.
- Deposit grew by 4.2% YTD reaching to 206 tril. Low costs deposits increased by 3.2% YTD. with year-round efforts to draw more low-cost funding.

NIM

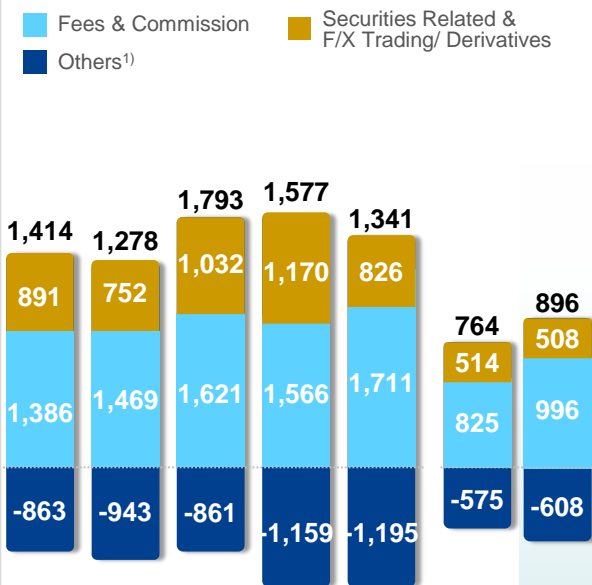
(%)



Margin Improvement

- SHB's NIM improved by 2bp QoQ to 1.63% from 1.61%. Attributed to 1) stabilizing market interest rate, 2) lucrative SME loans remaining the focus of the growth, 3) funding rates climbing at a slower pace than lending rates due to a high base for low-cost deposits.
- SHB's NIM incl. Global is standing at 1.69%, evidencing its higher profitability in Overseas.
- Group NIM marked 2.11%, 1bp improvement QoQ. Consistently showing a stabilizing trend.

Non-Interest Income (% , KRW bil.)



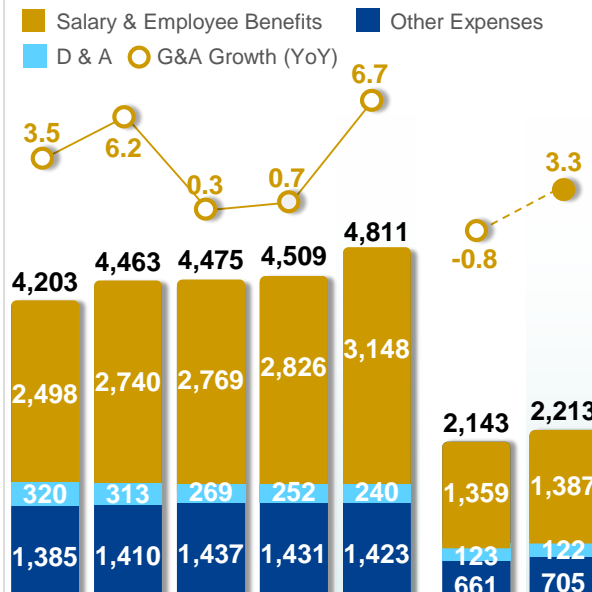
FY13 FY14 FY15 FY16 FY17 1H17 1H18

Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

Robust Fee Income

- Non-interest income increased by 17.3% YoY, due to increased evaluation gains from FVPL financial instruments(Equity) coupled with robust fee income.
- General fee income increased by 20.8% YoY and 5.9% QoQ, attributed to increase in fees from brokerage and sales of financial products despite sluggish credit card fees from dropping merchant fee rate.

G&A Expenses (% , KRW bil.)

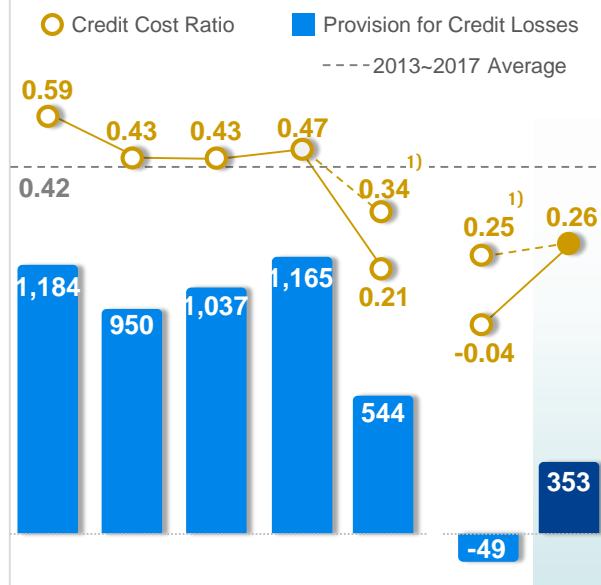


FY13 FY14 FY15 FY16 FY17 1H17 1H18

Disciplined Cost Management

- Cost-to-Income ratio fell down to the lowest level in 5 years marking 43.6% in 1H18, through disciplined cost control.
- SG&A excluding employee related expenses well-tamed with negative growth for three consecutive years through group-wide tightened cost control. However 1H18 YoY has slightly inched up due to increase in temporary expenses.

Credit Cost (% , KRW bil.)



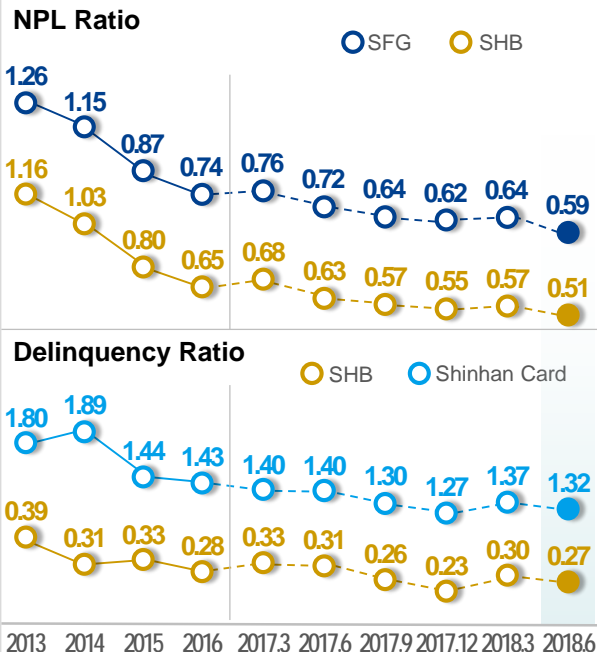
FY13 FY14 FY15 FY16 FY17 1H17 1H18

Note 1) Excluding write-backs from Shinhan Card

Continuously Stabilizing Credit Cost

- Group credit costs marked 26bp in 1H18, 16bp lower than 5-year average.
- SHB's credit costs marked 11bp in 1H18, maintaining a similar level YoY, despite concerns over the asset quality due to rising interest rates.
- SHC's provision slightly increased YoY, after excluding reversal of allowances in 1Q17 attributed to increase in credit card loans. SHC's underlying asset quality remains firm as evidenced by NPL & delinquency trend.

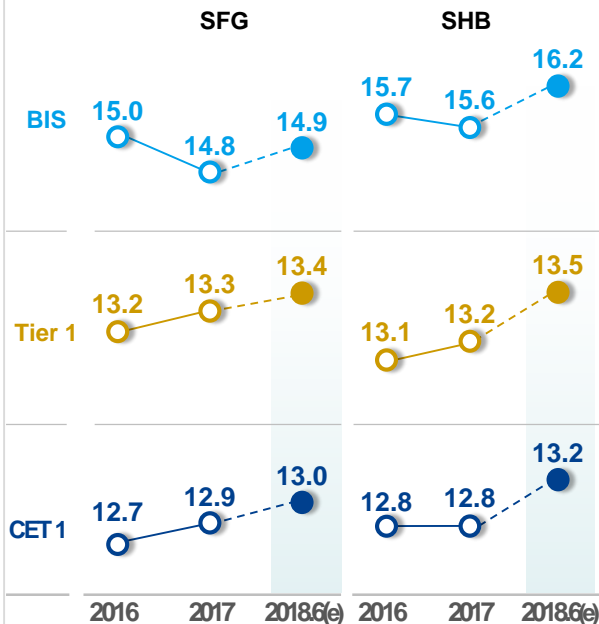
Asset Quality (%)



Benign Asset Quality Concern

- NPL ratio for the Group and SHB recorded 0.59% and 0.51%, improved by 5bp and 6bp QoQ respectively.
- NPL coverage ratio for the Group and SHB each marked 165% and 141%, increasing by 2%p and 1%p QoQ respectively.
- SHB and SHC delinquency ratio recorded 0.27% and 1.32%, which improved by 3bp and 5bp respectively.

Capital Adequacy (%)

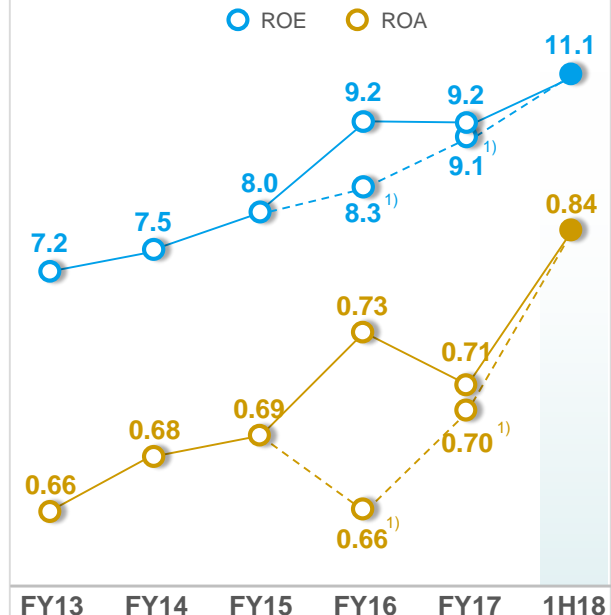


Note) Based on Basel 3

Strong Capital Base

- Based on BASEL3, Group's Common Equity Tier1 and BIS ratio each estimated 13.0% and 14.9% driven by growth in earnings with suitable level of risk weighted asset growth.
- Based on BASEL3, SHB's Common Equity Tier1 and BIS ratio each estimated 13.2% and 16.2%.

ROE & ROA (%)



Note 1) excluding deferred tax asset effect (2016), write-backs from Shinhan Card (2017), ERP Cost (2016 & 2017)

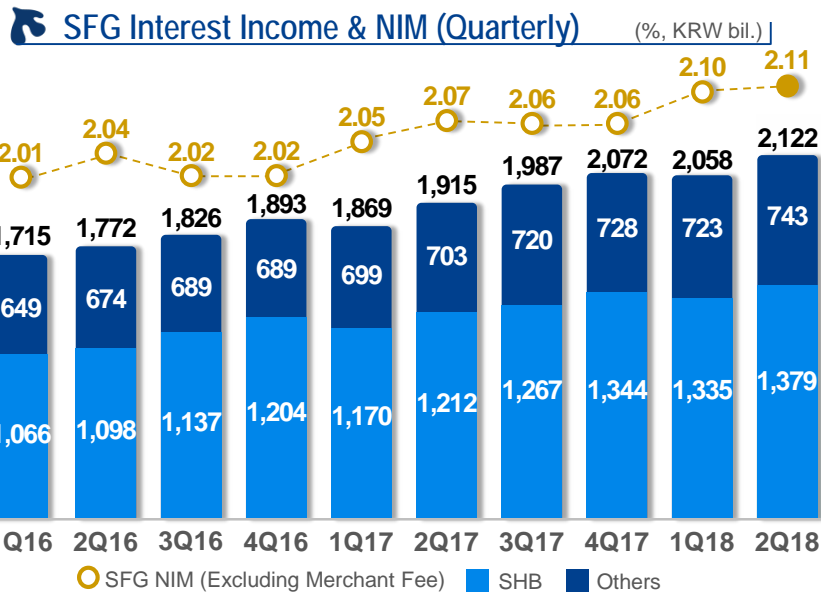
ROE and ROA Improvement

- Group ROE recorded 11.1%, 1.9%p hike YTD driven by solid earning growth.
- Group ROA recorded 0.84%, 0.13%p improvement YTD attributed to strong operating performance both from bank and non-bank subsidiaries with healthy trend in NIM and credit cost.

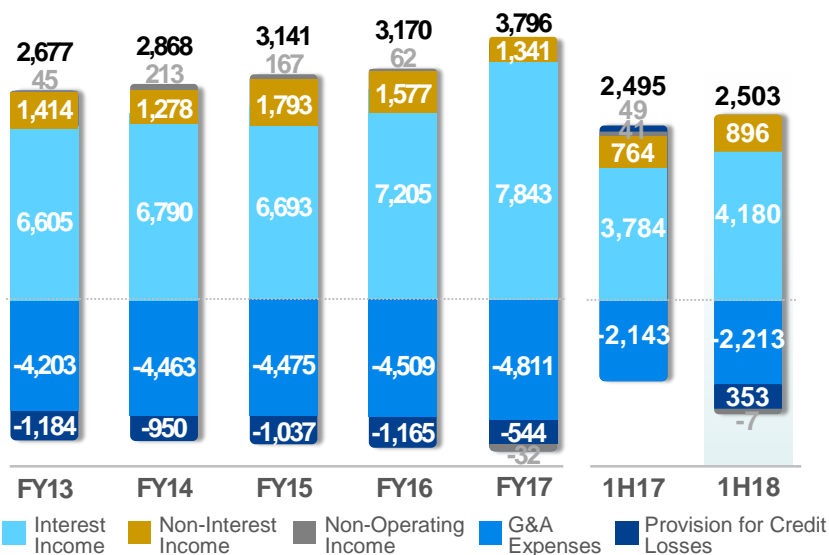
II. Income

1. SFG Income
2. SFG Non-Interest Income
3. SFG G&A Expenses
4. Subsidiaries Income (1)
5. Subsidiaries Income (2)
6. SHB Income / NIM
7. SHB Non-Interest Income
8. Shinhan Card Income





SFG Earnings before Income Tax (KRW bil.)



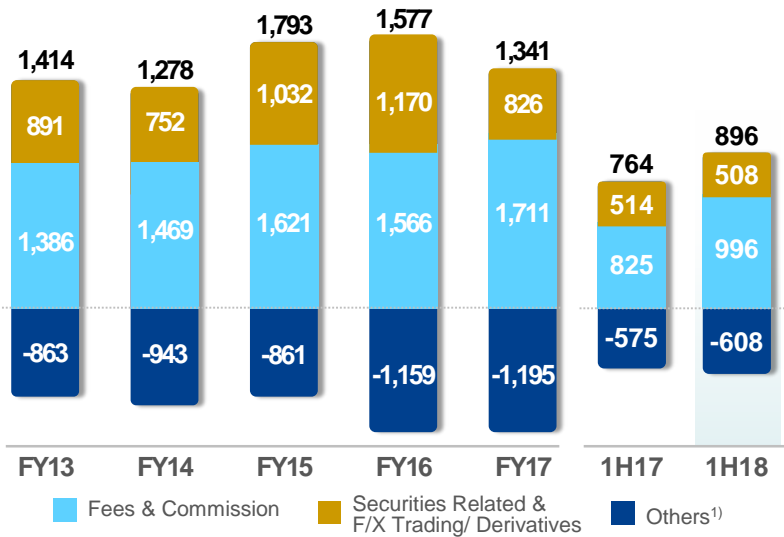
(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Operating Income (a=b+c)	5,076.4	4,547.8	11.6	2,634.2	2,442.2	7.9
Interest Income (b)	4,180.2	3,783.9	10.5	2,121.9	2,058.3	3.1
Non-Interest Income (c)	896.2	763.9	17.3	512.3	383.9	33.4
G&A Expenses (d)	2,213.4	2,143.2	3.3	1,126.4	1,087.0	3.6
Pre-Provision Oper. Income (e=a-d)	2,863.0	2,404.6	19.1	1,507.8	1,355.2	11.3
Non-Operating Income (f)	-7.1	41.4	n.a.	-25.3	18.2	n.a.
Pre-Provision Income (g=e+f)	2,855.9	2,446.1	16.8	1,482.5	1,373.4	7.9
Provision for Credit Losses (h)	353.1	-49.2	n.a.	173.8	179.4	-3.1
Earnings before Income Tax (i=g-h)	2,502.8	2,495.2	0.3	1,308.8	1,194.0	9.6
Income Tax	685.7	586.1	17.0	360.7	325.0	11.0
Consolidated Net Income ¹⁾	1,795.6	1,889.1	-5.0	938.0	857.5	9.4

Note 1) Net Income in Controlling Interest

SFG Non-Interest Income

SFG Non-Interest Income

(KRW bil.)



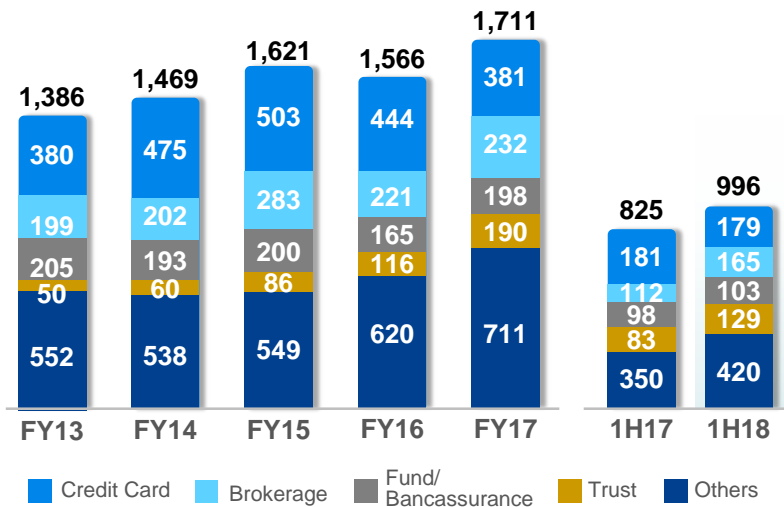
Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Non-Interest Income	896.2	763.9	17.3	512.3	383.9	33.4
Fees & Commission	995.9	824.7	20.8	512.3	483.6	5.9
Securities Related & FX Trading/Derivatives	508.0	513.8	-1.1	301.4	206.5	46.0
(Gains on FVPL Financial Instruments)	354.6	-	n.a.	233.3	121.4	92.2
Others	-607.7	-574.6	n.a.	-301.5	-306.2	n.a.
(Contribution Expenses)	-136.8	-123.8	n.a.	-70.0	-66.8	n.a.
(Insurance Fees on Deposits)	-175.4	-166.6	n.a.	-88.1	-87.4	n.a.
(Provision for Policy Reserves)¹⁾	-478.0	-451.9	n.a.	-238.5	-239.5	n.a.

Note 1) Interest expenses related to Provision for policy reserves of Shinhan Life

SFG Fees & Commission

(KRW bil.)

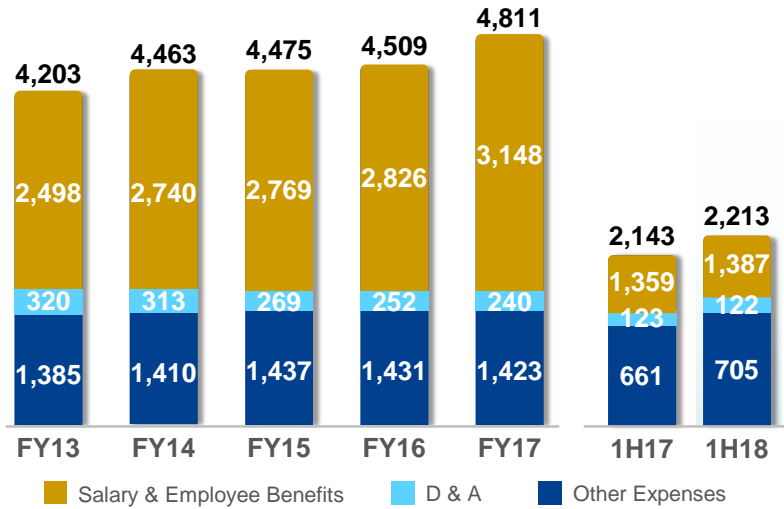


(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Fees & Commission	995.9	824.7	20.8	512.3	483.6	5.9
Credit Card Fee Income	179.4	181.3	-1.0	102.9	76.5	34.6
Brokerage Commissions	164.6	111.6	47.5	79.3	85.3	-7.1
Fund/Bancassurance Fees	102.9	98.1	5.0	52.6	50.3	4.6
Trust Fee Income	128.6	83.3	54.4	68.4	60.2	13.6
Others	420.3	350.4	19.9	209.0	211.3	-1.1

SFG G&A Expenses

SFG G&A Expenses

(KRW bil.)

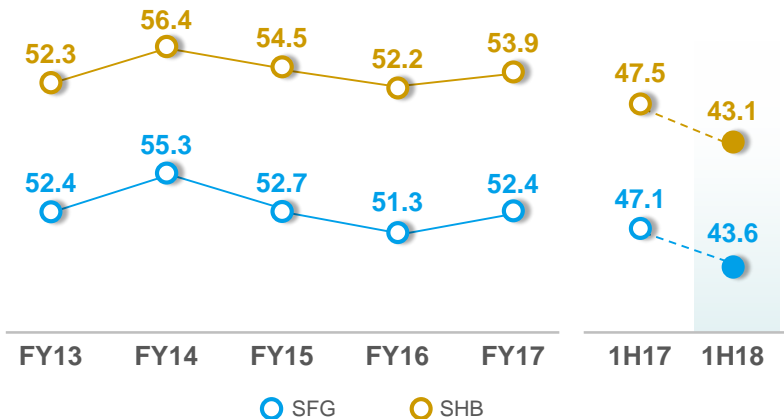


SFG G&A Expenses

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
G&A Expenses	2,213.4	2,143.2	3.3	1,126.4	1,087.0	3.6
Salary & Employee Benefits	1,387.2	1,359.5	2.0	689.9	697.3	-1.1
(Early Retirement Program Expenses)	1.3	1.9	-31.4	-	1.3	n.a.
D & A	121.7	122.6	-0.7	61.4	60.4	1.6
Other Expenses	704.5	661.1	6.6	375.2	329.3	13.9
(Advertising Expenses)	122.0	105.6	15.5	69.6	52.4	32.8
(Taxes and Dues)	94.9	88.1	7.7	53.7	41.2	30.3

Cost-Income Ratio

%



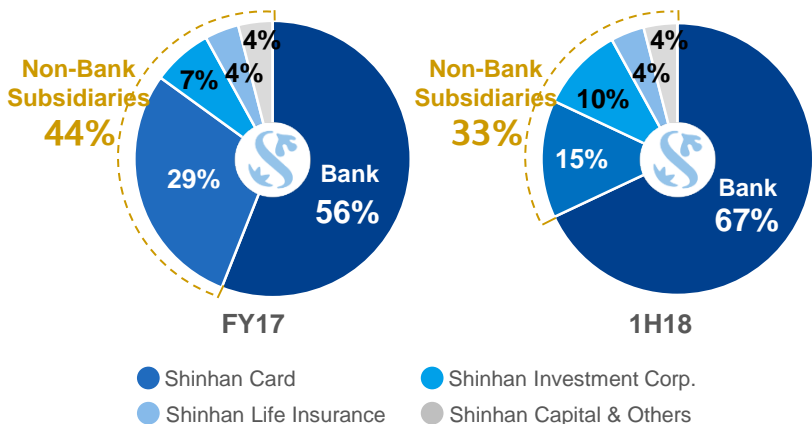
SHB G&A Expenses

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
G&A Expenses	1,395.2	1,358.4	2.7	719.3	675.8	6.4
Salary & Employee Benefits	839.4	833.2	0.7	416.5	422.9	-1.5
(Early Retirement Program Expenses)	0.2	0.2	-0.1	-	0.2	n.a.
D & A	81.0	81.6	-0.8	41.0	39.9	2.8
Other Expenses	474.8	443.6	7.0	261.8	213.0	22.9
(Advertising Expenses)	30.3	18.4	64.1	21.9	8.4	160.4
(Taxes and Dues)	46.2	44.3	4.2	30.4	15.8	91.7

Note 1) Excluding ERP Cost

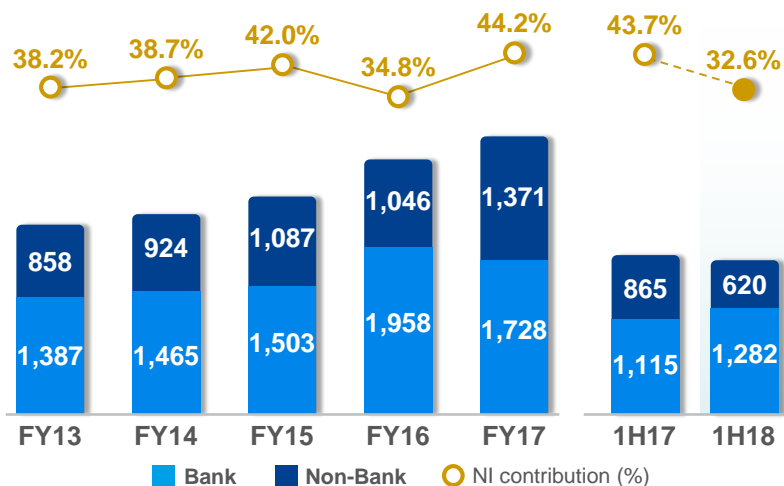
Subsidiaries Income ①

Net Income Contribution by Subsidiaries¹⁾



Note 1) After reflecting ownership by SFG

Net Income Contribution by Non-Bank Subsidiaries¹⁾ (KRW bil.)



Note 1) After reflecting ownership by SFG

(KRW bil.)	Net Income [A]	Ownership [B]	Net Income (A x Ownership) [C=AxB]	Adjustment [D]	Net Income (Consolidated) [E=C+D]
Bank (a)	1,286.5		1,281.9	-28.1	1,253.8
Shinhan Bank	1,271.8	100.0%	1,271.8	-27.1	1,244.7
Jeju Bank	14.7	68.9%	10.1	-1.0	9.1
Non-Bank (b)	623.4		619.8	19.8	639.6
Shinhan Card	281.9	100.0%	281.9	4.2	286.0
Shinhan Investment Corp.	182.7	100.0%	182.7	0.9	183.6
Shinhan Life Insurance	70.0	100.0%	70.0	12.1	82.1
Shinhan BNPP AM	10.1	65.0%	6.6	0.1	6.7
Shinhan Capital	63.8	100.0%	63.8	5.2	69.1
Shinhan Savings Bank	8.1	100.0%	8.1	0.9	9.0
Shinhan Data System	0.2	100.0%	0.2	-4.4	-4.2
Shinhan AITAS	3.7	99.8%	3.7	0.7	4.4
Shinhan Credit Information	1.4	100.0%	1.4	0.1	1.5
Shinhan Alternative Investment	1.1	100.0%	1.1	0.1	1.2
Shinhan REITs Management	0.2	100.0%	0.2	-	0.2
SFG (c)				-97.8²⁾	-97.8
Total (d=a+b+c)¹⁾	1,909.9		1,901.7	-106.2	1,795.6

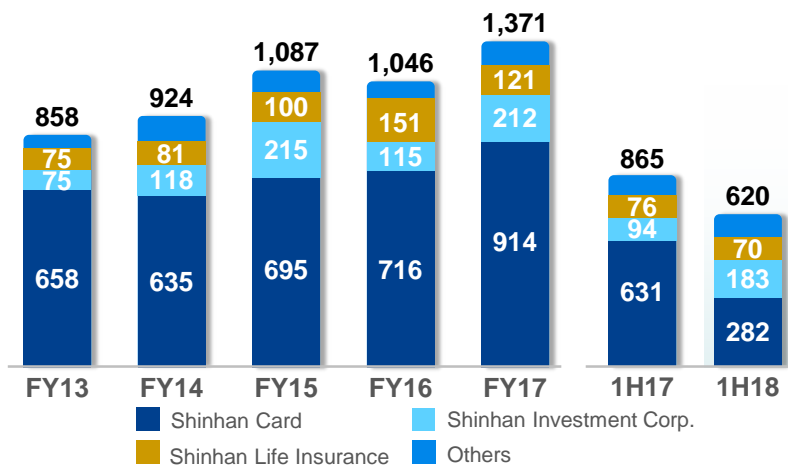
Note 1) Net Income in Controlling Interest

2) SFG (Separate): Brand Fee Income KRW 24.9bil., Interest Expense KRW -77.1bil., G&A etc. KRW -37.6bil.

Subsidiaries Income ②

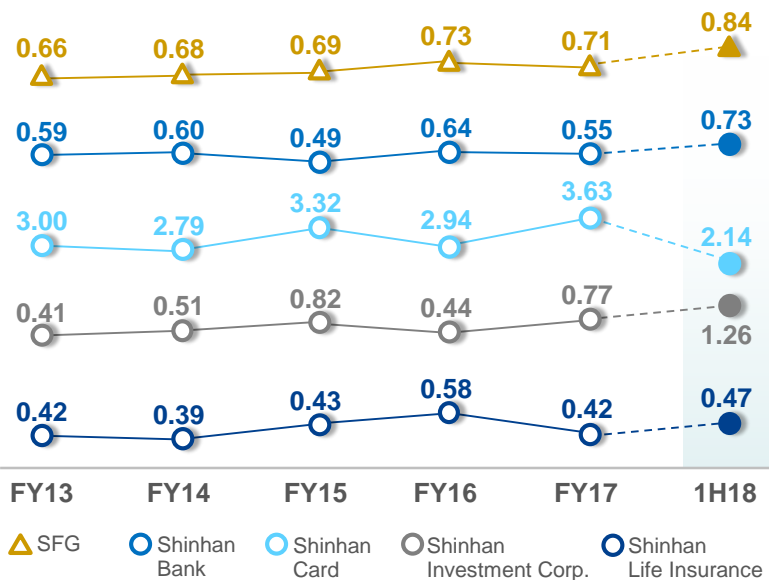
Non-Bank Net Income

(KRW bil.)



ROA

(%)



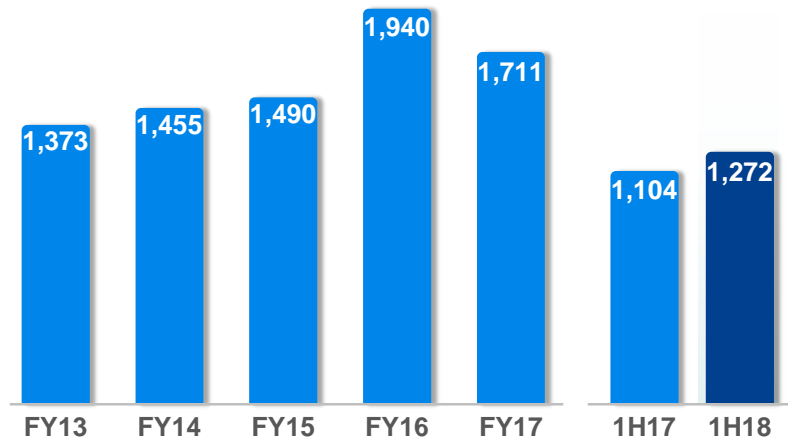
(Reflecting SFG Ownership, KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Bank (a)	1,281.9	1,115.0	15.0	677.6	604.3	12.1
Shinhan Bank	1,271.8	1,104.3	15.2	671.3	600.5	11.8
Jeju Bank	10.1	10.7	-5.4	6.4	3.8	69.9
Non-Bank (b)	619.8	865.3	-28.4	315.2	304.6	3.5
Shinhan Card	281.9	631.2	-55.3	142.8	139.1	2.6
Shinhan Investment Corp.	182.7	93.8	94.9	85.8	97.0	-11.5
Shinhan Life Insurance	70.0	75.7	-7.5	36.2	33.8	7.0
Shinhan BNPP AM	6.6	6.5	1.9	2.9	3.7	-20.3
Shinhan Capital	63.8	46.1	38.3	38.0	25.8	47.5
Shinhan Savings Bank	8.1	8.2	-1.7	4.0	4.1	-0.6
Shinhan Data System	0.2	0.4	-56.5	0.7	-0.5	n.a.
Shinhan AITAS	3.7	3.6	2.8	2.3	1.4	62.5
Shinhan Credit Information	1.4	-0.1	n.a.	0.7	0.7	6.7
Shinhan Alternative Investment	1.1	-0.1	n.a.	1.0	0.1	966.3
Shinhan REITs Management	0.2	-	n.a.	0.7	-0.5	n.a.
Total (a+b)	1,901.7	1,980.4	-4.0	992.9	908.9	9.2
Consolidate Net Income¹⁾	1,795.6	1,889.1	-5.0	938.0	857.5	9.4

Note 1) Net Income in Controlling Interest

SHB Income / NIM

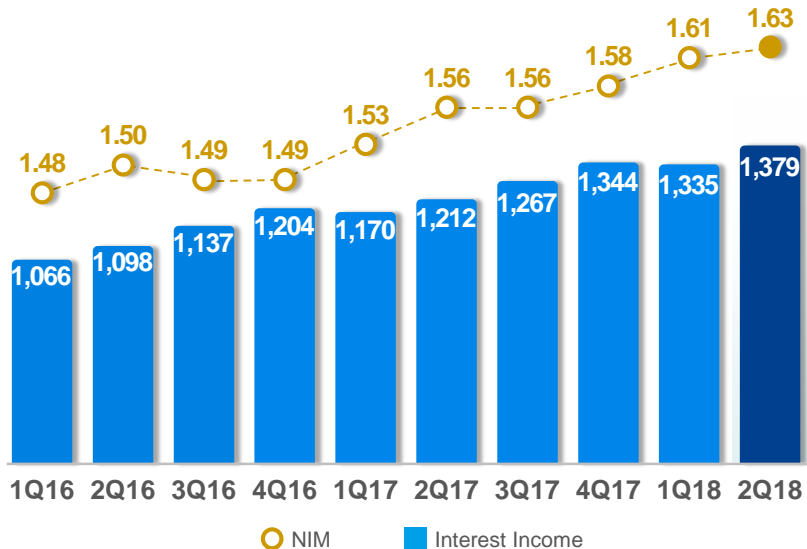
Net Income

(KRW bil.)



Interest Income/NIM(Quarterly)

(%, KRW bil.)



(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Operating Income (a=b+c)	3,238.1	2,857.7	13.3	1,664.6	1,573.5	5.8
Interest Income (b)	2,713.7	2,381.4	14.0	1,378.8	1,335.0	3.3
Non-Interest Income (c)	524.4	476.3	10.1	285.9	238.5	19.9
G&A Expenses (d)	1,395.2	1,358.4	2.7	719.3	675.8	6.4
Pre-Provision Oper.Income (e=a-d)	1,843.0	1,499.3	22.9	945.3	897.6	5.3
Non-Operating Income (f)	-2.2	31.0	n.a.	-4.2	2.0	n.a.
Pre-Provision Income (g=e+f)	1,840.7	1,530.3	20.3	941.1	899.6	4.6
Provision for Credit Losses (h)	121.7	108.1	12.6	34.9	86.7	-59.7
Earnings before Income Tax (i=g-h)	1,719.0	1,422.2	20.9	906.2	812.9	11.5
Income Tax	447.1	317.8	40.7	234.8	212.3	10.6
Net Income ¹⁾	1,271.8	1,104.3	15.2	671.3	600.5	11.8

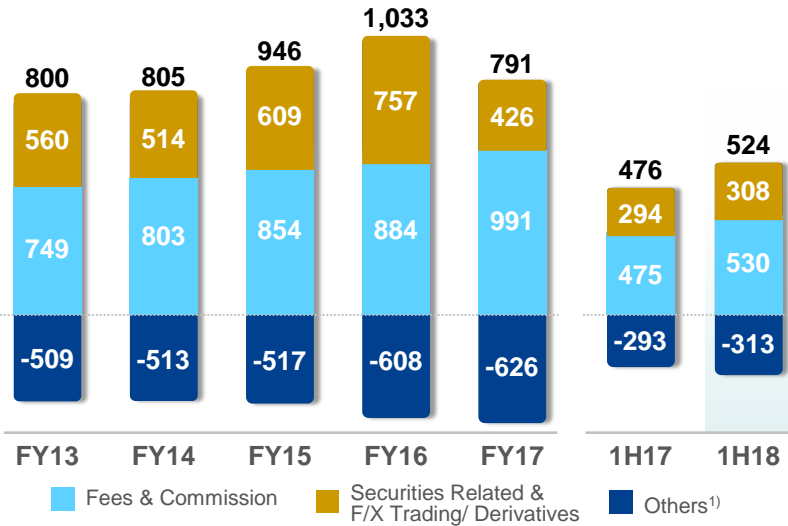
Note 1) Net Income in Controlling Interest

(%)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
NIS (a-b) (quarterly)	1.65	1.69	1.68	1.69	1.75	1.81	1.82	1.84	1.87	1.89
Loan interest rate (a)	3.10	3.08	2.99	2.97	3.00	3.03	3.04	3.10	3.19	3.27
Deposit interest rate (b)	1.45	1.40	1.31	1.28	1.26	1.22	1.22	1.26	1.32	1.38
NIM (quarterly)	1.48	1.50	1.49	1.49	1.53	1.56	1.56	1.58	1.61	1.63
NIM (cumulative figures)	1.48	1.49	1.49	1.49	1.53	1.55	1.55	1.56	1.61	1.62

SHB Non-Interest Income

Non-Interest Income

(KRW bil.)

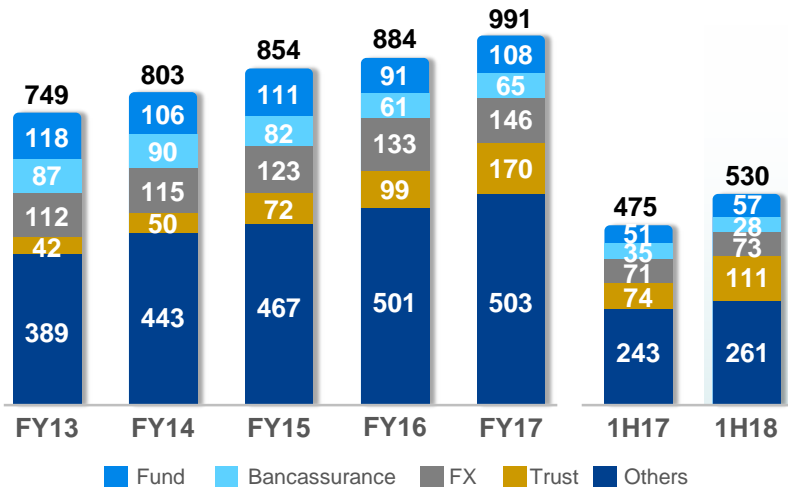


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Non-Interest Income	524.4	476.3	10.1	285.9	238.5	19.9
Fees & Commission	529.5	474.6	11.6	270.6	259.0	4.5
Securities Related & FX Trading/Derivatives	307.8	294.4	4.5	170.8	137.0	24.6
(Gains on FVPL Financial Instruments)	124.4	-	n.a.	90.8	33.6	170.3
Others	-312.9	-292.8	n.a.	-155.4	-157.5	n.a.
(Contribution Expenses)	-133.0	-119.9	n.a.	-68.0	-64.9	n.a.
(Insurance Fees on Deposits)	-151.6	-145.0	n.a.	-76.1	-75.5	n.a.

Fees & Commission

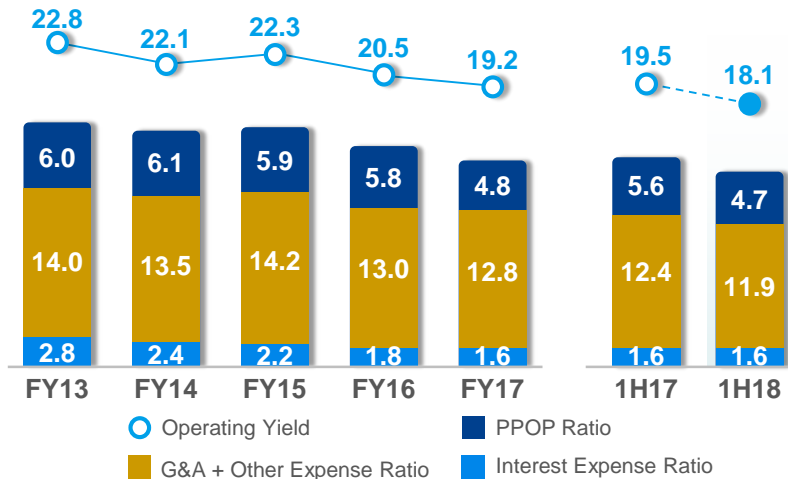
(KRW bil.)



(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Fees & Commission	529.5	474.6	11.6	270.6	259.0	4.5
Fund Fee Income	57.2	51.3	11.6	28.2	29.1	-3.1
Bancassurance Fee Income	28.0	35.2	-20.6	14.3	13.6	5.1
FX Fee Income	72.5	70.7	2.6	39.0	33.5	16.1
Trust Fee Income	111.2	74.1	50.0	58.2	53.0	9.7
Others	260.6	243.3	7.1	130.9	129.7	1.0

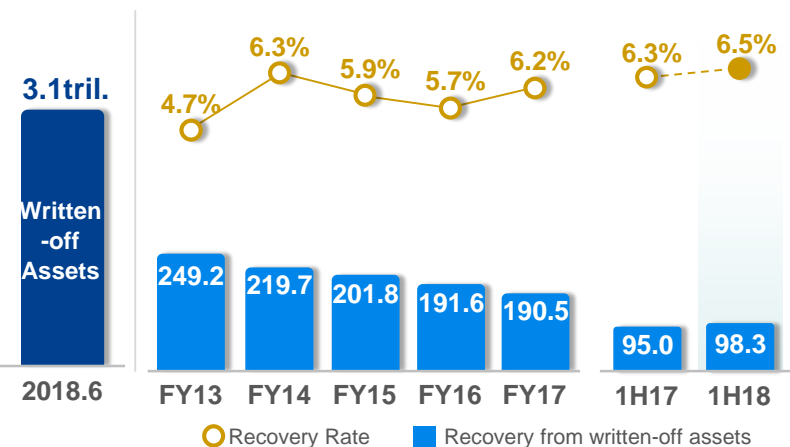
Shinhan Card Income

Operating Yield and PPOP Ratio (%)



Note) Net of Derivatives & F/X

Recovery from Written-off Assets (KRW bil.)



(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Operating Revenue (a)	2,446.1	2,425.9	0.8	1,287.8	1,158.3	11.2
Card Business	1,985.9	1,934.5	2.7	1,012.6	973.3	4.0
Installment Finance	52.7	50.1	5.1	27.1	25.6	5.9
Lease	53.0	29.4	80.0	28.3	24.7	14.4
Others	354.6	411.9	-13.9	219.8	134.7	63.1
(Derivatives & FX)	126.9	142.1	-10.7	115.8	11.1	n.m.
Interest Expense (b)	201.6	184.1	9.5	104.4	97.2	7.5
G&A Expenses (c)	335.7	344.4	-2.5	167.2	168.5	-0.8
Commissions & Other Expenses (d)	1,312.6	1,246.2	5.3	702.2	610.4	15.0
(Derivatives & FX)	109.0	125.8	-13.3	106.9	2.1	n.m.
Pre-Provision Income (e=a-b-c-d)	596.1	651.1	-8.5	314.0	282.2	11.3
Provision for Credit Losses (f)	211.7	-171.9	n.a.	120.8	90.8	33.0
Earnings before Income Tax (g=e-f)	384.4	823.0	-53.3	193.1	191.3	0.9
Income Tax	103.6	193.3	-46.4	50.6	53.1	-4.7
Net Income ¹⁾	281.9	631.2	-55.3	142.8	139.1	2.6

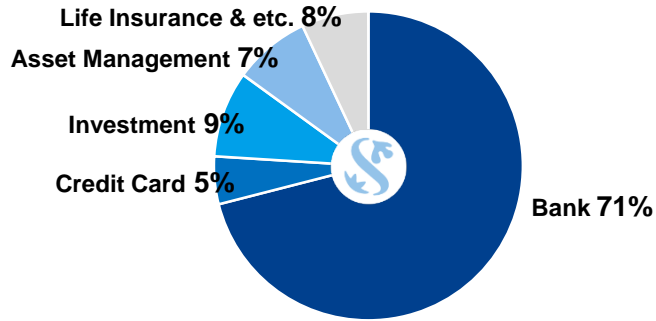
Note 1) Net Income in Controlling Interest

III. Assets & Liabilities

- 1. SFG Asset Growth**
- 2. SHB Loan / Deposit Growth**
- 3. Shinhan Card Asset Growth**

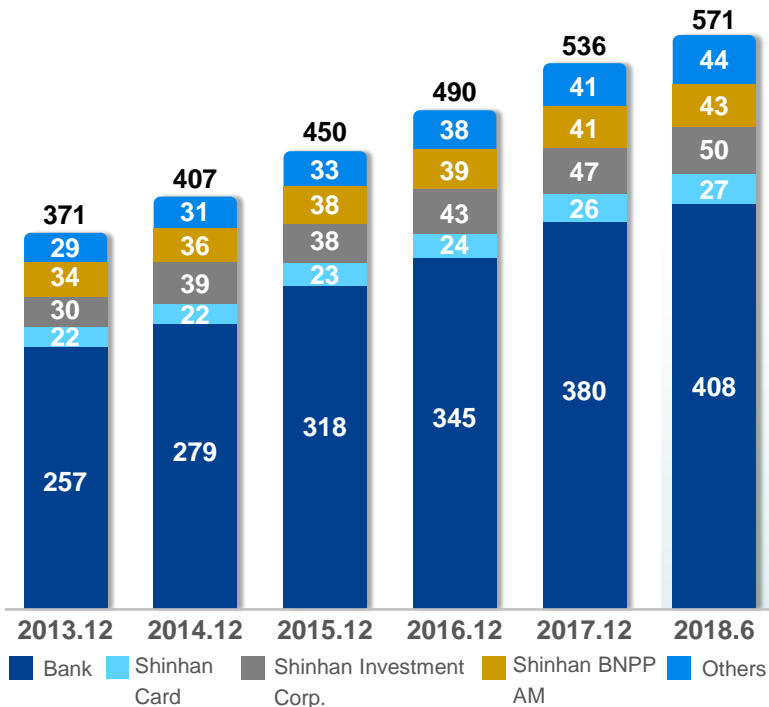


Asset Contribution by Subsidiary



SFG Total Assets

(KRW tril.)

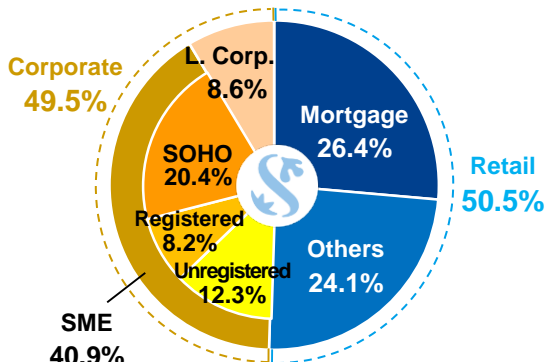


(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Bank (a)	407,821.1	380,209.9	7.3	388,426.1	5.0
Shinhan Bank	402,221.4	374,647.0	7.4	382,726.5	5.1
Jeju Bank	5,599.7	5,562.9	0.7	5,699.7	-1.8
Non-Bank (b)	160,323.6	153,584.1	4.4	155,009.8	3.4
Shinhan Card	27,493.9	26,367.6	4.3	26,377.5	4.2
Shinhan Investment Corp.	49,791.9	46,721.0	6.6	47,144.3	5.6
Shinhan Life Insurance	30,564.1	29,719.4	2.8	29,843.1	2.4
Shinhan BNPP AM	42,658.7	41,134.5	3.7	42,091.9	1.3
Shinhan Capital	5,807.2	5,315.4	9.3	5,470.0	6.2
Shinhan Savings Bank	1,310.2	1,287.2	1.8	1,281.7	2.2
Shinhan Data System	37.0	39.8	-7.1	38.0	-2.8
Shinhan AITAS	59.6	58.2	2.5	57.9	3.1
Shinhan Credit Information	23.2	22.7	1.9	22.8	1.4
Shinhan Alternative Investment	106.0	86.9	22.0	86.8	22.1
Shinhan REITs Management	29.7	29.3	1.4	28.9	2.8
Others	2,442.1	2,802.1	-12.8	2,566.8	-4.9
Total ¹⁾	571,451.9	535,710.3	6.7	546,749.2	4.5
Consolidate Total Assets	453,267.5	426,305.7	6.3	433,688.1	4.5

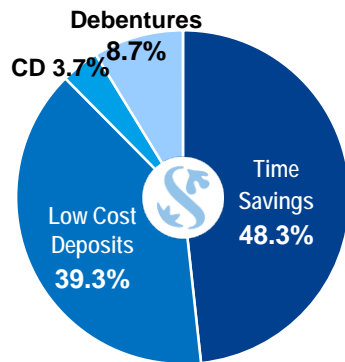
Note 1) Trust A/C of Shinhan Bank, Shinhan Investment Corp. and AUM(Including discretionary assets) of Shinhan BNPP AM are included.

SHB Loan / Deposit Growth

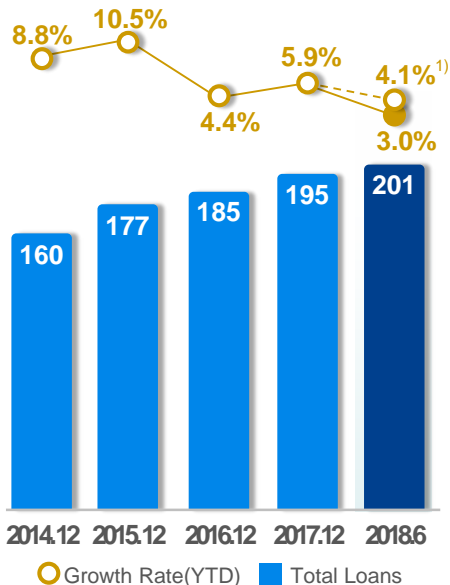
Loan Composition



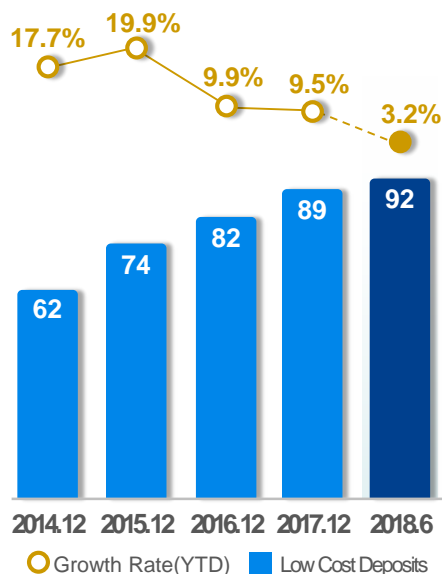
Funding Composition



KRW Loan Growth (KRW tril.)



Low Cost Deposits (KRW tril.)



Note 1) Including Loans Securitized

(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Loan in KRW	201,294	195,497	3.0	197,409	2.0
Retail	101,720	98,877	2.9	100,115	1.6
Mortgage	53,097	52,808	0.5	52,746	0.7
Others ¹⁾	48,623	46,069	5.5	47,369	2.7
Corporate	99,574	96,620	3.1	97,294	2.4
SME	82,219	78,556	4.7	79,674	3.2
SOHO	41,005	38,610	6.2	39,398	4.2
Large Corporate etc.	17,355	18,064	-3.9	17,620	-1.5
Loan in FX	8,151	7,658	6.4	7,379	10.1

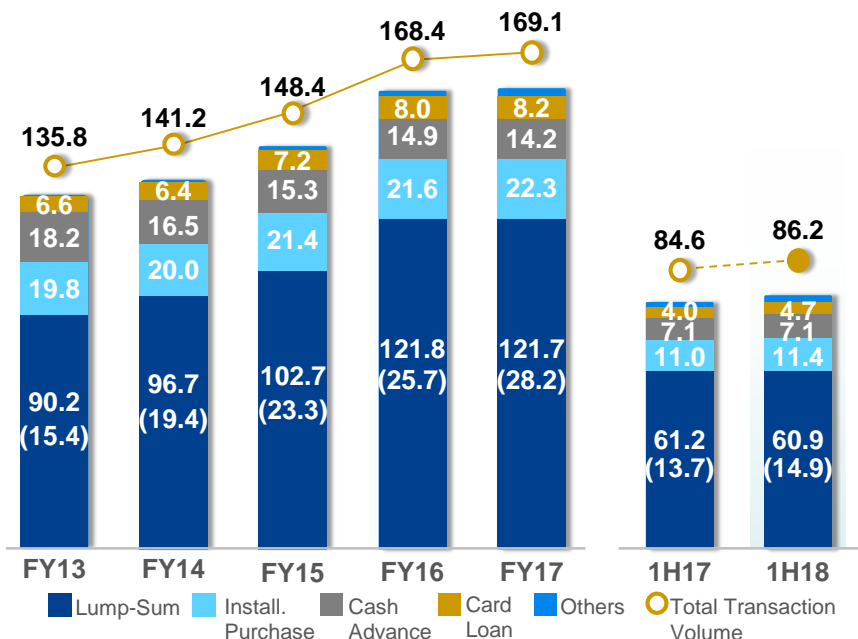
Note 1) Including Unsecured Personal Loans, Secured Loans, Jeonse Loans etc.

(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Total Deposits in KRW	205,682	197,355	4.2	199,214	3.3
Low Cost Deposits	92,280	89,462	3.2	90,956	1.5
Demand	28,455	26,936	5.6	27,848	2.3
Savings	63,826	62,525	2.1	63,108	1.1
Time Savings	113,402	107,894	5.1	108,258	4.8
Time Deposits	105,084	99,491	5.6	100,134	5.0
Accumulative etc.	8,317	8,403	-1.0	8,125	2.3
Certificate of Deposits	8,679	6,973	24.5	6,097	37.0
Debtentures in KRW	20,506	20,057	2.2	19,337	5.8

Shinhan Card Asset Growth

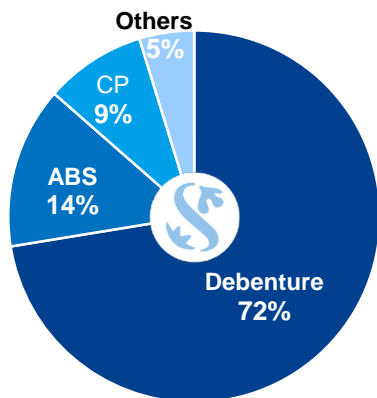
Transaction Volume

(KRW tril.)



Note) Figs. in parenthesis represent debit card transaction volume

Funding Composition



(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Earning Assets	26,116	24,553	6.4	25,010	4.4
Credit Purchase	13,107	12,620	3.9	12,612	3.9
Cash Advances	1,897	1,921	-1.2	1,870	1.5
Card Loan	6,463	5,944	8.7	6,261	3.2
(Re-aged Loan)	253	250	1.3	254	-0.5
Installment Finance	2,446	2,270	7.8	2,301	6.3
Lease etc.	2,202	1,798	22.5	1,966	12.0
Effective Cardholders (in thousands)	12,420	12,295	1.0	12,345	0.6
Merchants (in thousands)	2,764	2,724	1.4	2,728	1.3

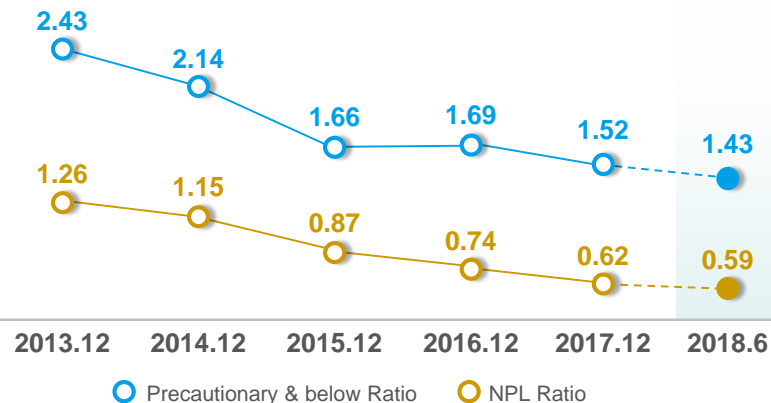
(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Total Funding	17,831	15,840	12.6	16,677	6.9
Debentures	12,912	11,814	9.3	12,054	7.1
ABS	2,505	2,121	18.1	2,407	4.1
CP	1,565	1,130	38.5	1,390	12.6
Others	848	775	9.4	826	2.7

IV. Asset Quality

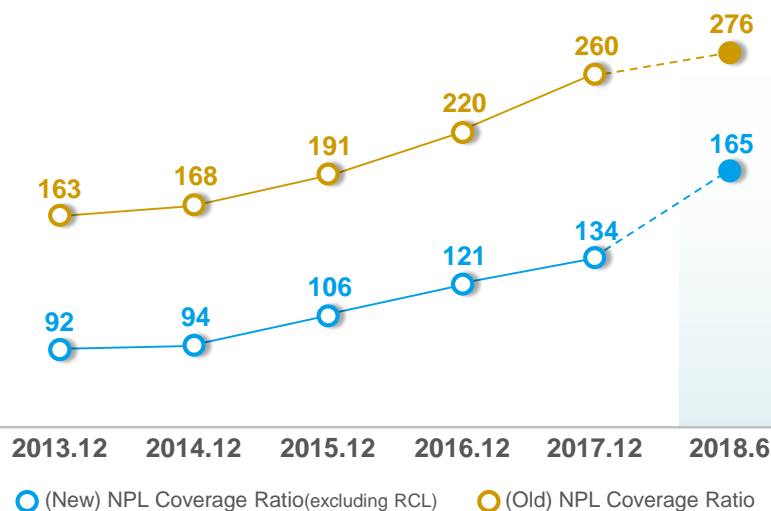
1. SFG Asset Quality
2. SHB Asset Quality
3. Shinhan Card Asset Quality
4. Provision for Credit Losses / Write-offs



Precautionary & below Ratio/NPL Ratio (%)



NPL Coverage Ratio (%)



(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Total Loans ¹⁾	276,024	263,976	4.6	266,659	3.5
Normal	272,082	259,957	4.7	262,737	3.6
Precautionary	2,317	2,384	-2.8	2,216	4.5
Substandard	546	551	-1.0	549	-0.5
Doubtful	500	518	-3.5	536	-6.8
Estimated Loss	579	567	2.2	620	-6.6
Substandard & Below	1,625	1,635	-0.7	1,705	-4.7
NPL Ratio	0.59%	0.62%	-0.03%p	0.64%	-0.05%p
Loan Loss Allowance ²⁾	4,482	4,246	5.5	4,472	0.2
Reserve for credit losses ³⁾	1,806	2,059	-12.3	1,693	6.7
(New) NPL Coverage Ratio ⁴⁾	165%	134%	31%p	163%	2%p
(Old) NPL Coverage Ratio	276%	260%	16%p	262%	14%p

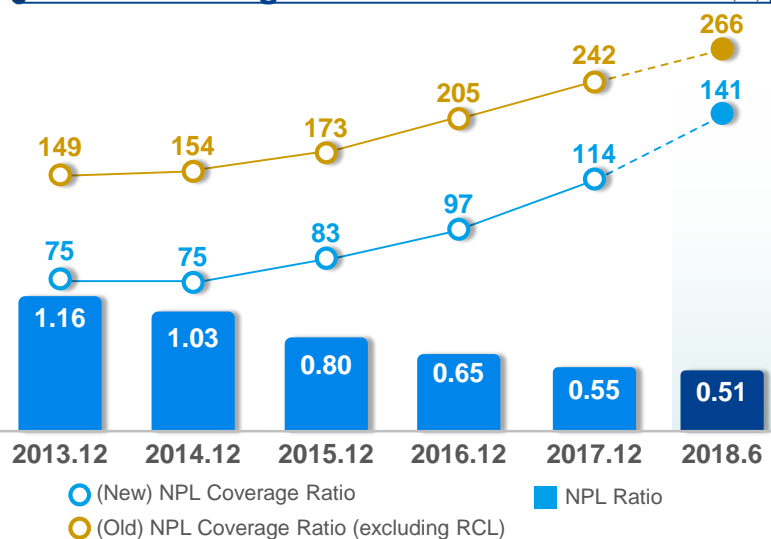
Note 1) Sum of Shinhan Bank, Jeju Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan Capital and Shinhan Savings Bank

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

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

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

NPL Coverage Ratio & NPL Ratio (%)



Delinquency Ratio (%)

Total Delinquency



SME(+SOHO)



SOHO



Retail



Note) 1 month overdue

(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Total Loans	227,633	219,230	3.8	220,038	3.5
Normal	225,223	216,941	3.8	217,672	3.5
Precautionary	1,245	1,084	14.9	1,109	12.2
Substandard	461	462	-0.2	467	-1.4
Doubtful	333	363	-8.3	374	-11.1
Estimated Loss	372	381	-2.3	414	-10.2
Substandard & Below	1,165	1,206	-3.3	1,256	-7.2
NPL Ratio	0.51%	0.55%	-0.04%p	0.57%	-0.06%p
Loan Loss Allowance ¹⁾	3,096	2,914	6.2	3,093	0.1
Reserve for credit losses ²⁾	1,448	1,539	-6.0	1,333	8.6
(New) NPL Coverage Ratio ³⁾	141%	114%	27%p	140%	1%p
(Old) NPL Coverage Ratio	266%	242%	24%p	246%	20%p

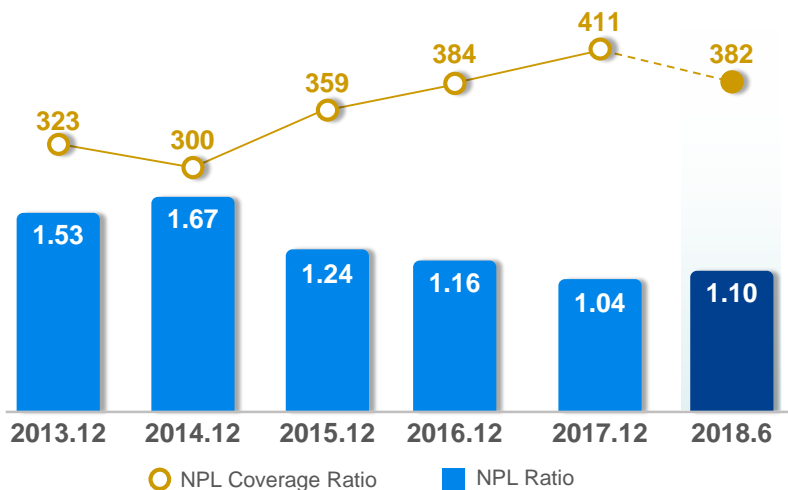
Note 1) Sum of IFRS standard LLA and reserves for credit losses

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

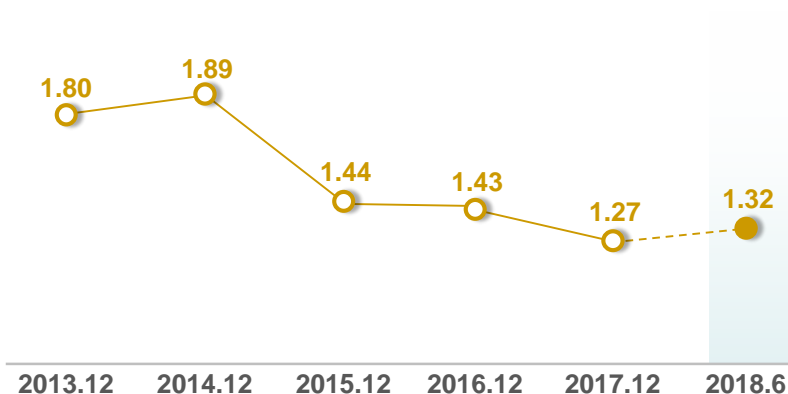
3) Excluding reserve for credit losses in accordance with the revision of relevant regulation (Dec. 2016)

Shinhan Card Asset Quality

NPL Ratio & NPL Coverage Ratio (%)



Delinquency Ratio (%)



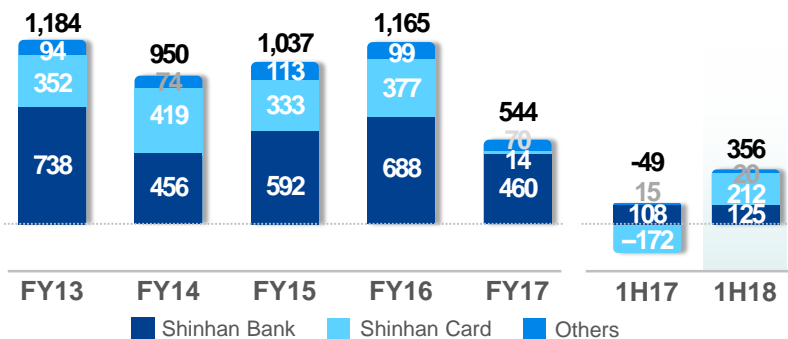
Note) 1 month overdue from total credit

(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Total Loans	26,587	25,250	5.3	25,533	4.1
Normal	25,555	24,067	6.2	24,498	4.3
Precautionary	739	919	-19.6	743	-0.5
Substandard	-	-	-	-	-
Doubtful	132	122	8.3	133	-0.7
Estimated Loss	160	141	13.2	159	0.8
Substandard & Below	293	264	11.0	292	0.1
NPL Ratio	1.10%	1.04%	0.06%p	1.14%	-0.04%p
Loan Loss Allowance ¹⁾	1,118	1,083	3.2	1,100	1.6
Reserve for credit losses	282	431	-34.7	281	0.3
NPL Coverage Ratio	382%	411%	-29%p	376%	6%p

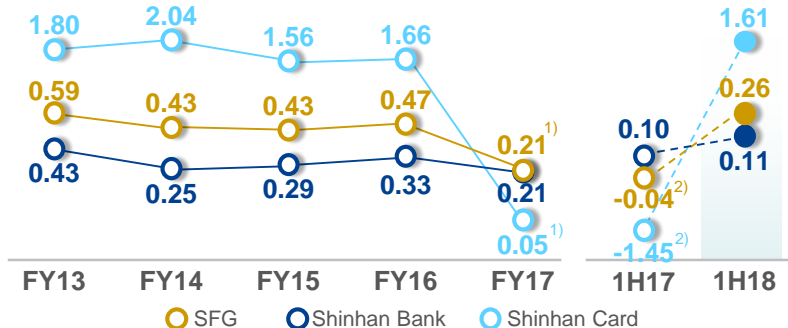
Note 1) Sum of IFRS standard LLA and reserves for credit losses (Excluding reserve for unused credit lines)

Provision for Credit Losses / Write-Offs

Provision for Credit Losses (KRW bil.)

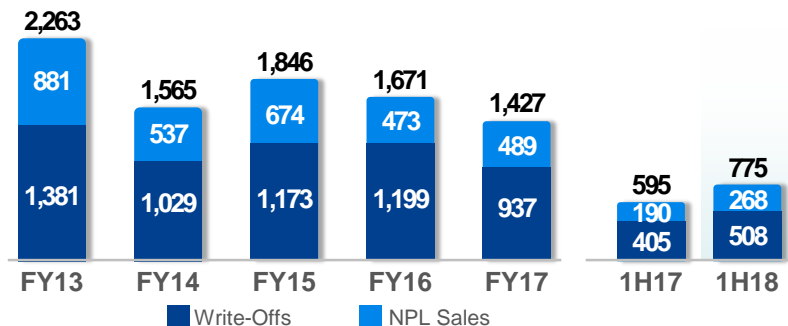


Credit Cost Ratio (%)



Note 1) Normalized credit cost excluding write-backs from SHC : Group 0.34%, SHC 1.50%
 Note 2) Normalized credit cost excluding write-backs from SHC : Group 0.25%, SHC 1.62%

Write-Offs & NPL Sales (KRW bil.)



Provision for Credit Losses

(KRW bil.)	FY18	1Q18	2Q18	FY17	1Q17	2Q17	3Q17	4Q17
Shinhan Bank ¹⁾	124	86	37	445	59	74	123	190
Retail	81	49	32	168	30	44	45	49
Corporate	43	38	5	277	28	30	78	141
Shinhan Card	212	91	121	14	-264	93	61	125
Total	336	177	158	459	-206	166	183	315

Note 1) SHB figures are separate basis

Write-Offs & NPL Sales

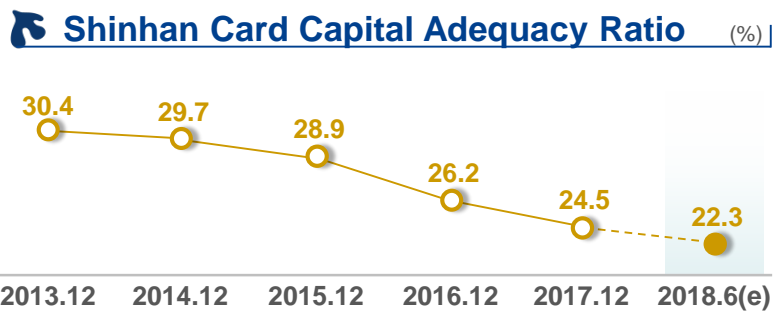
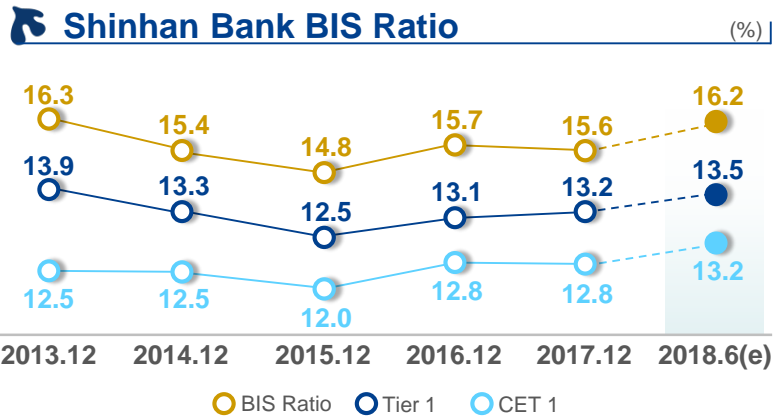
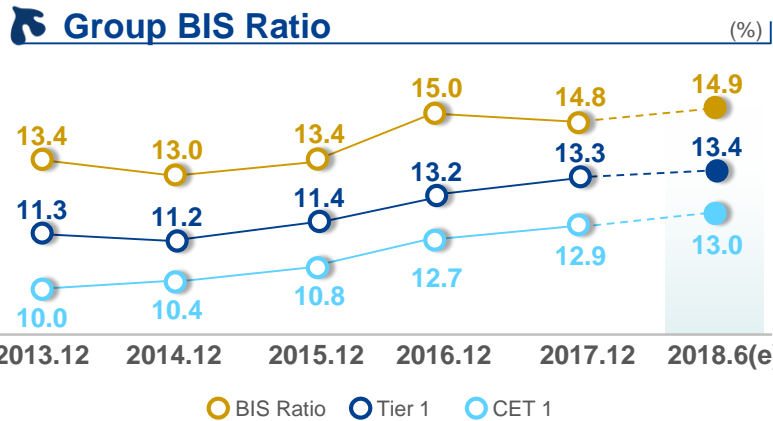
(KRW bil.)	FY18	1Q18	2Q18	FY17	1Q17	2Q17	3Q17	4Q17
Shinhan Bank	510	149	361	878	102	240	269	267
Write-Off	242	69	174	388	41	111	128	109
Retail	111	47	64	127	15	51	22	39
Corporate	131	22	109	261	26	60	106	70
Sale	268	81	187	489	62	129	141	158
Retail	33	13	20	67	8	20	22	18
Corporate	235	68	167	422	53	109	119	140
Shinhan Card	265	120	145	549	124	128	148	149
Total	775	270	506	1,427	227	368	416	415

V . Capital Adequacy & Key Financial Indices

1. Capital Adequacy
2. Key Financial Indices



Capital Adequacy



Note) Figs. from 2013.12 Group/Bank based on Basel3, Figs. up to 2012.12, Group based on Basel1, Bank based on Basel2

Group BIS Ratio

(KRW bil.)	2018.6(e)	2017.12	YTD%	2018.3	QoQ%
Risk-Weighted Assets	218,057	207,769	5.0	210,177	3.7
Capital	32,387	30,713	5.4	31,238	3.7
CET 1	28,393	26,757	6.1	27,481	3.3
Tier 1	29,293	27,673	5.9	28,228	3.8
BIS Ratio	14.9%	14.8%	0.1%p	14.9%	-0.0%p
CET 1	13.0%	12.9%	0.1%p	13.1%	-0.1%p
Tier 1	13.4%	13.3%	0.1%p	13.4%	+0.0%p

Note) Based on Basel3

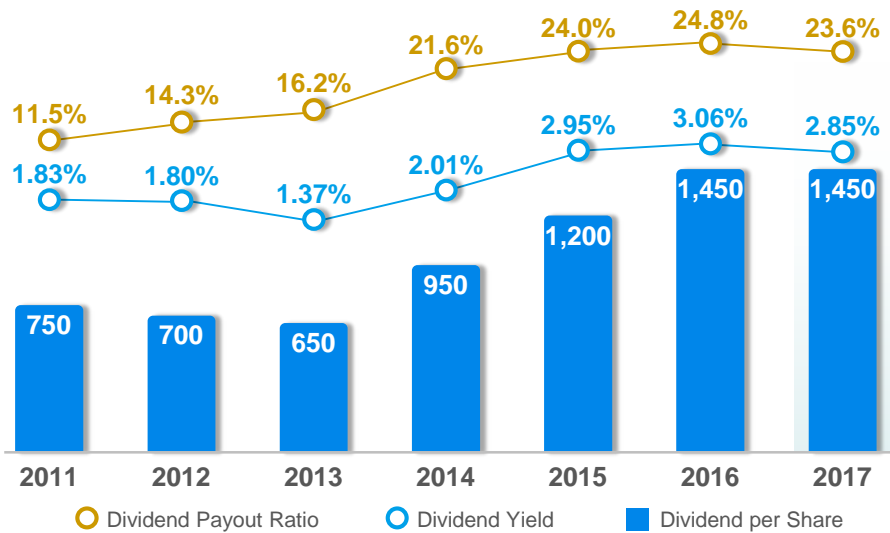
Shinhan Bank BIS Ratio

(KRW bil.)	2018.6(e)	2017.12	YTD%	2018.3	QoQ%
Risk-Weighted Assets	167,475	162,875	2.8	164,292	1.9
Capital	27,076	25,391	6.6	26,356	2.7
CET 1	22,153	20,891	6.0	21,469	3.2
Tier 1	22,652	21,561	5.1	21,969	3.1
BIS Ratio	16.2%	15.6%	0.6%p	16.0%	0.1%p
CET 1	13.2%	12.8%	0.4%p	13.1%	0.2%p
Tier 1	13.5%	13.2%	0.3%p	13.4%	0.2%p

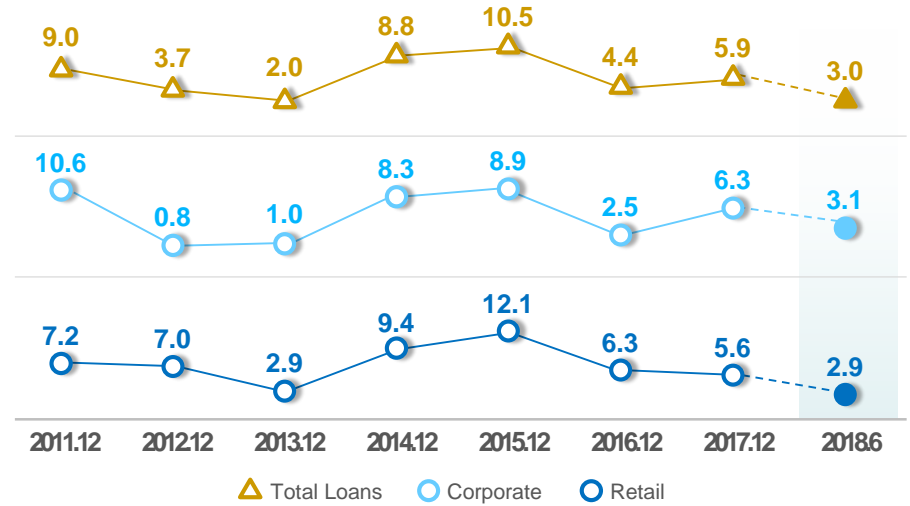
Note) Based on Basel3

Key Financial Indices

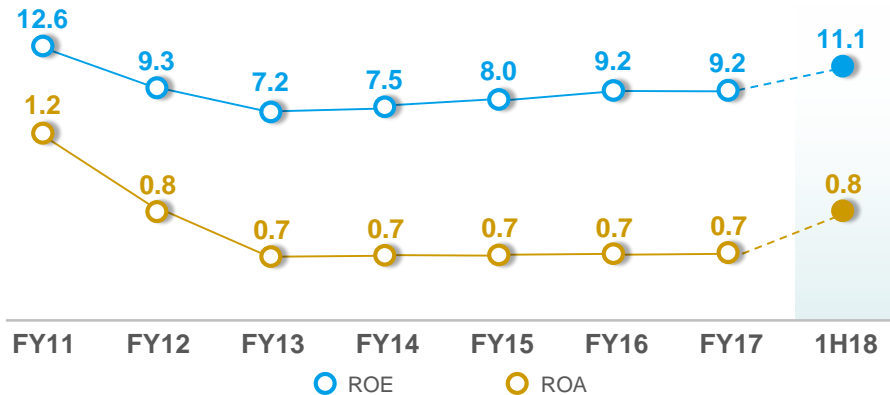
Dividend (KRW)



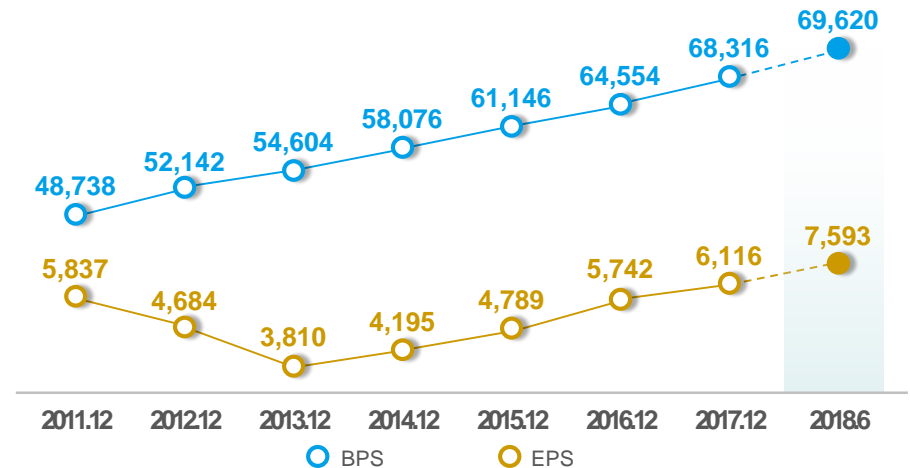
SHB Loan Growth Rate (%)



ROA / ROE (%)



BPS / EPS (KRW)



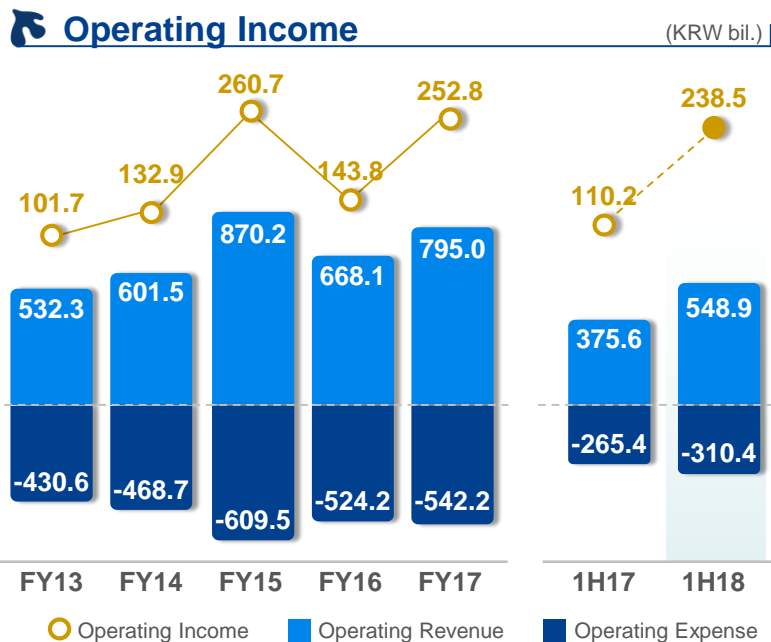
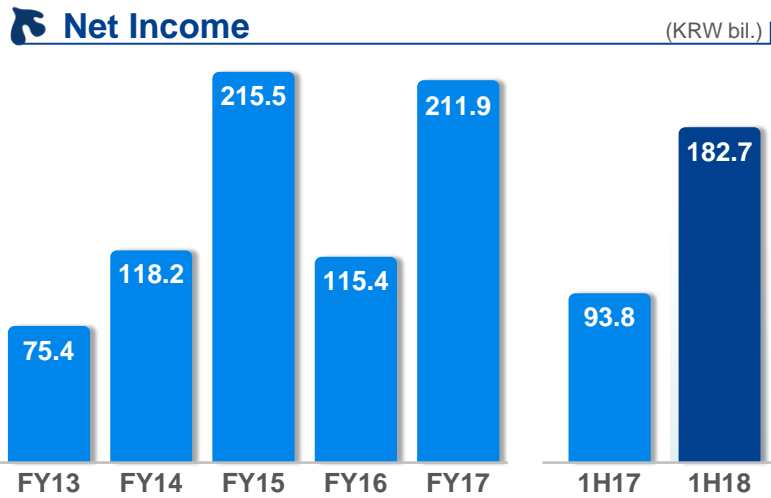
Note 1) Excluding write-backs from Shinhan Card, ROE based on common stock

Note) Based on common stock

VI. Appendix

1. SFG Subsidiaries
2. SHB SME Loans
3. SHB Retail Loans
4. SHB International Business



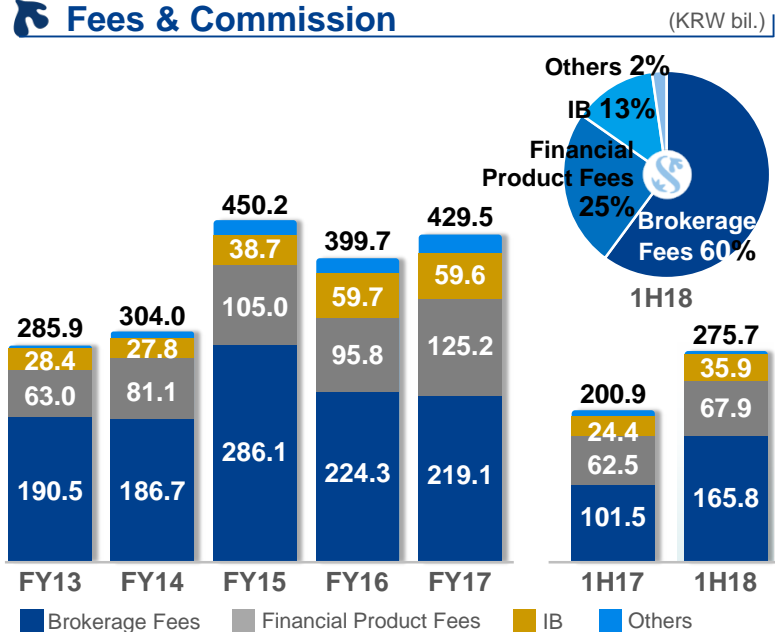


Condensed I/S & Key Financial Indices

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Operating Revenue	548.9	375.6	46.1	280.9	267.9	4.9
Fees & Commission	275.7	200.9	37.3	135.3	140.5	-3.7
Proprietary Trading	210.1	106.1	98.0	115.3	94.9	21.5
Others	63.0	68.5	-8.1	30.4	32.6	-6.7
Operating Expense	310.4	265.4	17.0	156.5	153.9	1.6
G&A Expenses	256.0	221.9	15.4	128.7	127.3	1.2
Commission Expense	51.7	41.1	25.8	25.7	26.0	-1.2
Provision for Credit Losses	2.6	2.4	12.3	2.0	0.6	217.1
Operating Income	238.5	110.2	116.4	124.5	114.0	9.2
Net Income	182.7	93.8	94.9	85.8	97.0	-11.5
Net Capital Ratio(%)	569%	857%	-288%p	569%	475%	94%p
ROE	11.3%	6.0%	5.3%p	11.3%	12.0%	-0.7%p
ROA	1.3%	0.7%	0.6%p	1.3%	1.4%	-0.1%p

Note) ROE, ROA are calculated on a cumulative basis

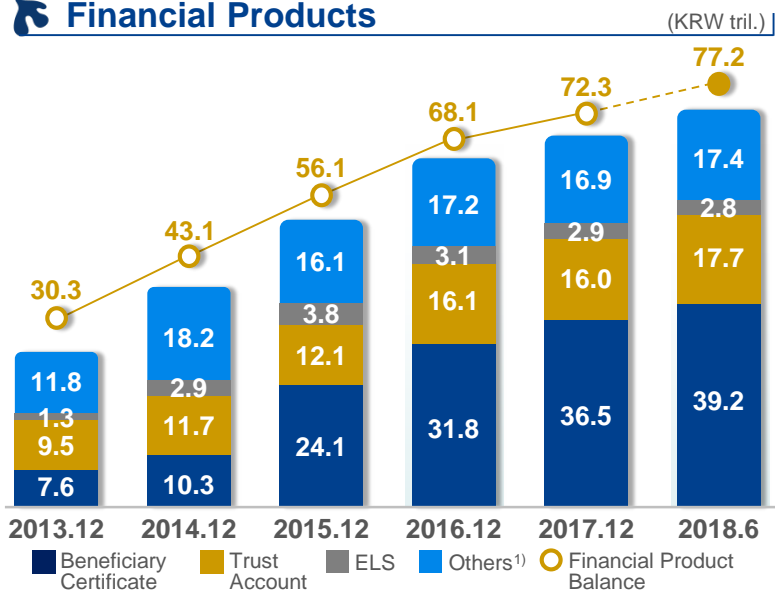
Fees & Commission



Fees & Commission

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Fees & Commission	275.7	200.9	37.3	135.3	140.5	-3.7
Brokerage Fees	165.8	101.5	63.3	79.9	85.9	-6.9
Financial Product Fees	67.9	62.5	8.6	34.5	33.4	3.2
IB	35.9	24.4	47.2	18.1	17.8	1.9
Others	6.2	12.5	-50.3	2.8	3.4	-18.9

Financial Products

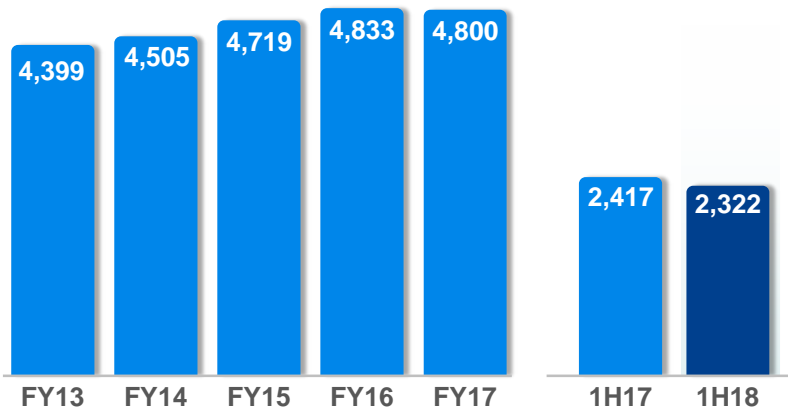


Balance of Financial Products

(KRW tril.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Financial Products	77.2	72.3	6.8	74.6	3.5
Beneficiary Certificate	39.2	36.5	7.4	38.1	3.0
Trust Account	17.7	16.0	11.1	16.7	6.4
ELS	2.8	2.9	-3.5	3.1	-9.4
Others	17.4	16.9	3.4	16.7	4.2

Premium Income

(KRW bil.)



Note) Excluding non-monthly premium and Retirement Pension

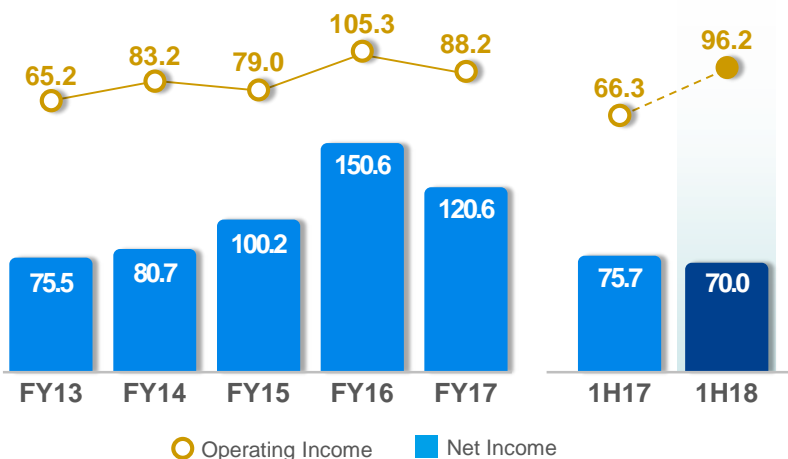
Premium Breakdown

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Prem. Received	2,329.0	2,433.3	-4.3	1,145.0	1,184.0	-3.3
New Premium	27.0	42.5	-36.5	11.2	15.7	-28.5
Monthly Premium	19.6	26.1	-24.9	9.3	10.3	-9.4
Non-Monthly Premium	7.4	16.3	-54.9	1.9	5.4	-64.6
Recurring Premium	2,302.0	2,390.8	-3.7	1,133.8	1,168.2	-2.9

Note) Excluding Retirement Pension

Net Income

(KRW bil.)



○ Operating Income ■ Net Income

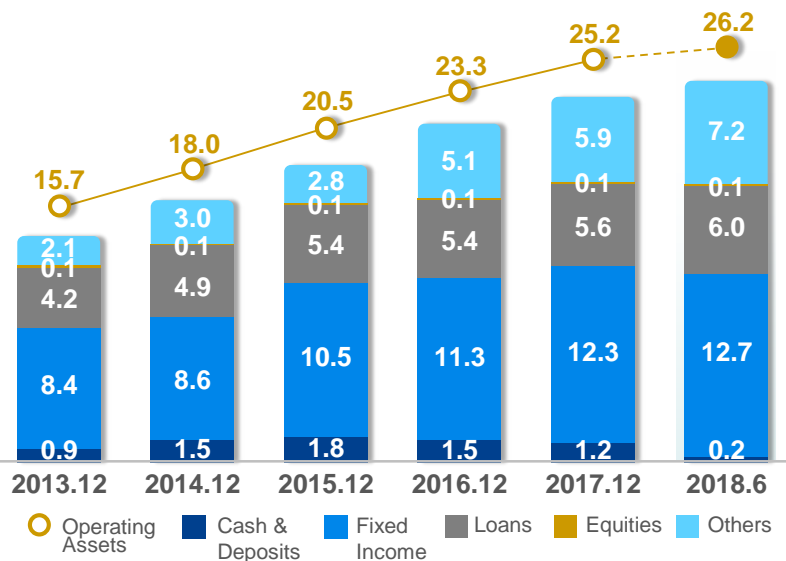
Profitability & Key Financial Indices

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Operating Income	96.2	66.3	45.0	55.2	40.9	34.9
Separate Account profit & Loss	62.7	36.6	71.3	27.4	35.3	-22.4
Net Income	70.0	75.7	-7.5	36.2	33.8	7.0
ROE	8.5%	8.8%	-0.3%p	8.5%	8.2%	0.3%p
ROA	0.5%	0.5%	-0.0%p	0.5%	0.5%	0.0%p

Note) ROE, ROA are calculated on a cumulative basis.

Operating Assets

(KRW tril.)

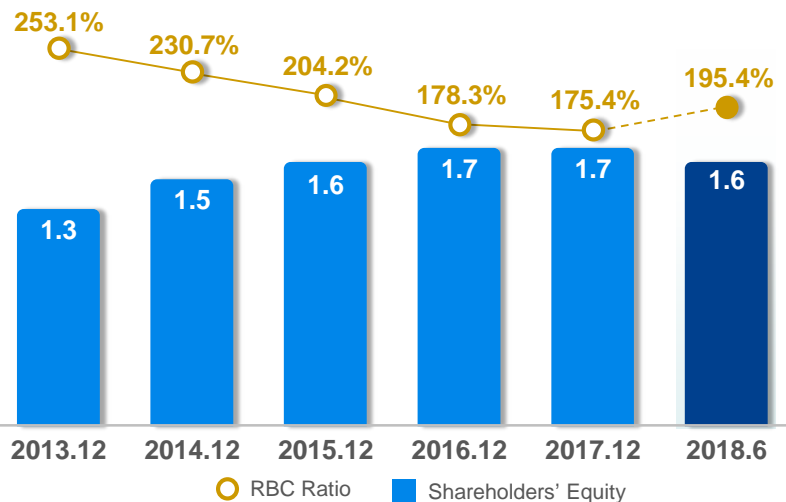


Operating Assets

(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Operating Assets	26,185.0	25,156.9	4.1	25,251.6	3.7
Cash & Deposits	199.6	1,170.6	-82.9	185.4	7.7
Fixed Income	12,691.5	12,344.2	2.8	12,366.6	2.6
Loans	6,022.3	5,643.3	6.7	5,712.1	5.4
Equities	81.5	66.0	23.5	103.3	-21.1
Others	7,190.1	5,932.9	21.2	6,884.2	4.4

Equity & Capital Adequacy Ratio

(%, KRW tril.)

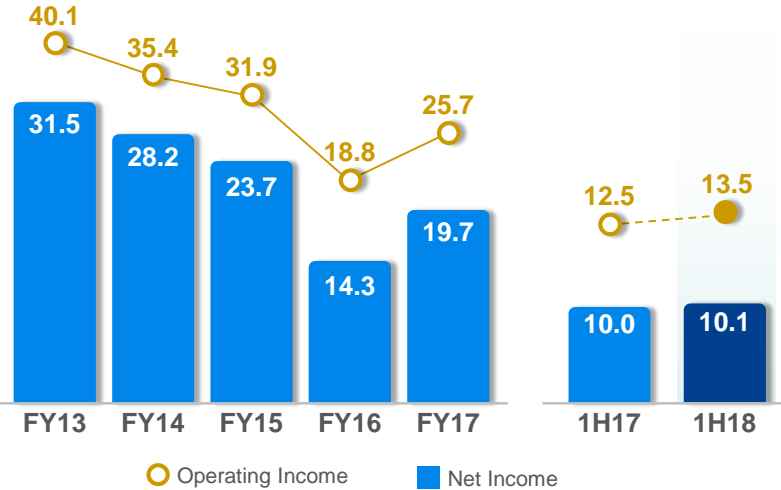


Equity & Capital Adequacy Ratio

(KRW bil.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Shareholders' Equity	1,621.0	1,731.9	-6.4	1,567.5	3.4
Capital & Retained Earnings	1,774.2	1,768.0	0.3	1,737.7	2.1
Accumulated Other Comprehensive Income	-153.2	-36.1	324.2	-170.3	-10.0
RBC Ratio	195.4%	175.4%	20.0%p	174.3%	21.1%p

Net Income

(KRW bil.)



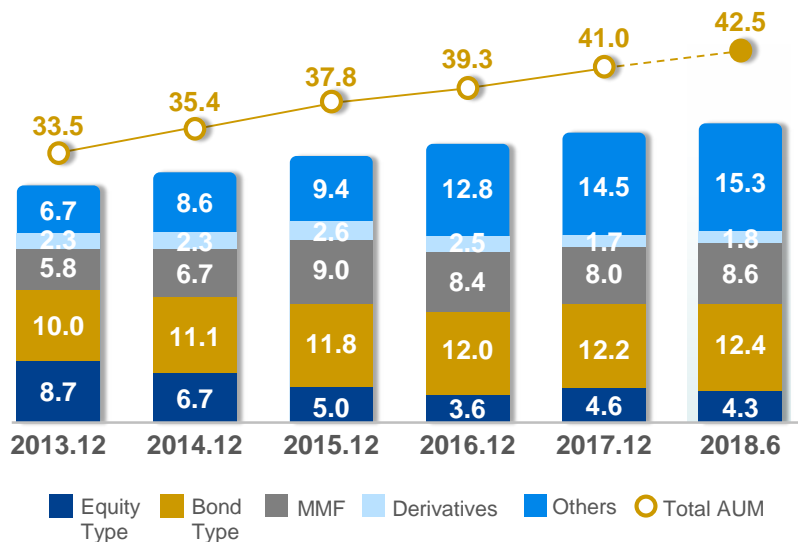
Condensed I/S & Key Financial Indices

(KRW bil.)	1H18	1H17	YoY%	2Q18	1Q18	QoQ%
Operating Revenue	39.3	36.7	7.2	19.4	19.9	-2.5
Operating Expense	25.8	24.2	6.9	13.2	12.6	5.0
(G&A Expenses)	21.8	19.9	9.4	11.2	10.5	6.7
Operating Income	13.5	12.5	7.7	6.2	7.3	-15.4
Net Income	10.1	10.0	1.9	4.5	5.6	-20.3
ROE	13.5%	13.7%	-0.2%p	13.5%	15.0%	-1.5%p

Note) ROE is calculated on a cumulative basis

Assets Under Management

(KRW tril.)



Assets Under Management

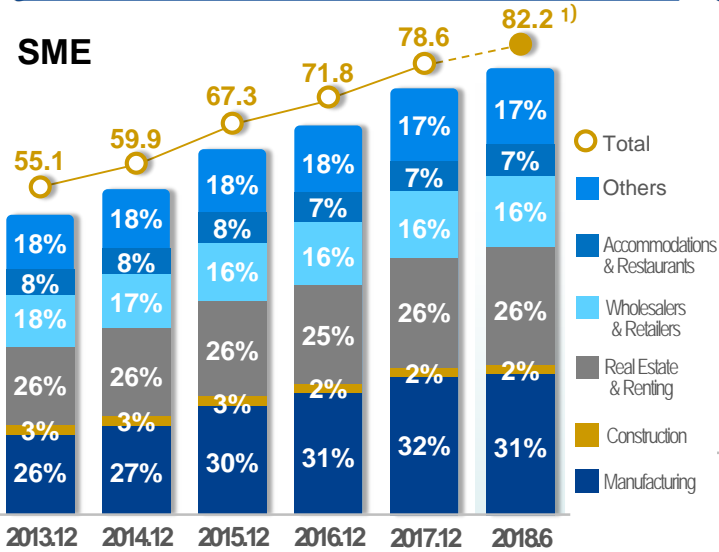
(KRW tril.)	2018.6	2017.12	YTD%	2018.3	QoQ%
Total AUM	42.5	41.0	3.8	41.9	1.4
Equity Type	4.3	4.6	-5.9	4.4	-1.8
Bond Type	12.4	12.2	2.0	12.3	1.3
MMF	8.6	8.0	7.5	8.6	0.6
Derivatives	1.8	1.7	6.6	1.7	1.4
Others	15.3	14.5	5.9	14.9	2.9

SHB SME Loans

Loans

(KRW tril.)

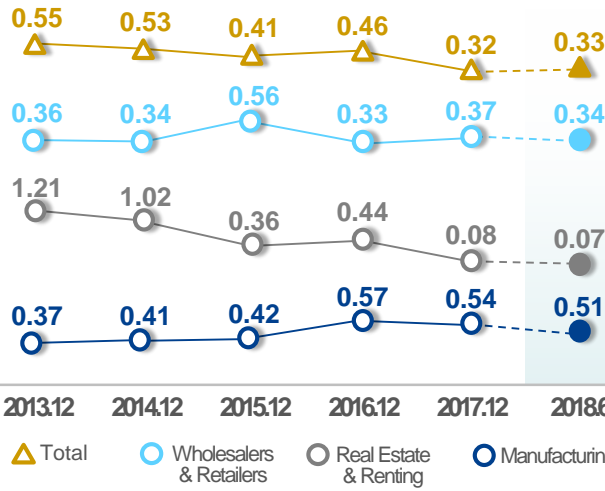
SME



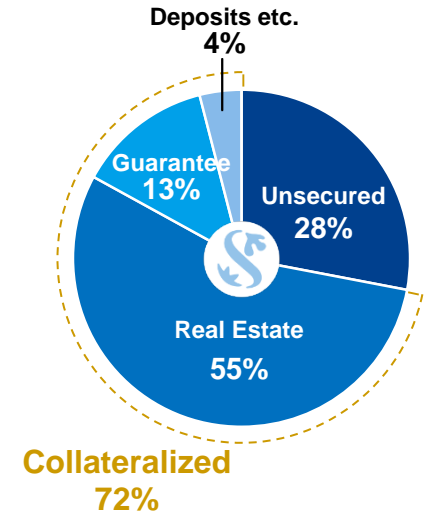
Note 1) SOHO 50%, Registered 20%, Unregistered 30%

Delinquency

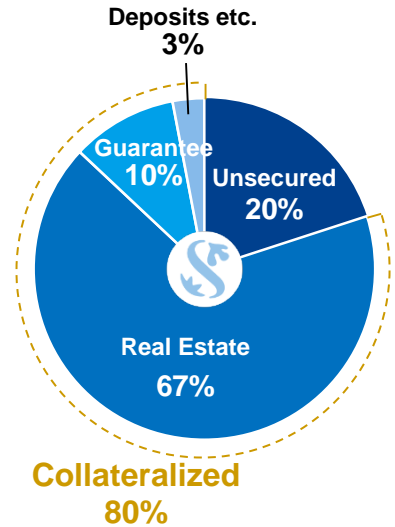
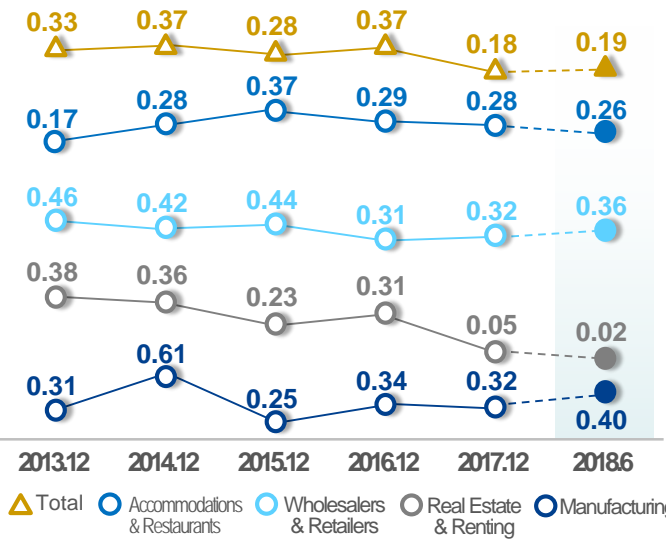
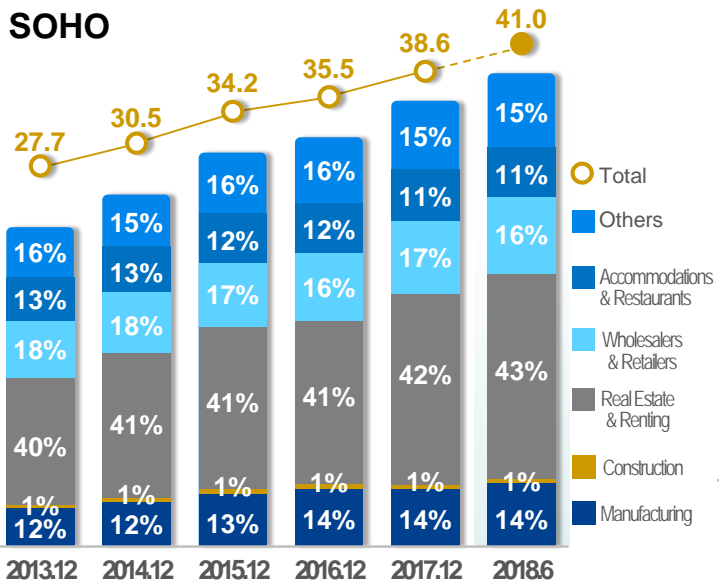
(%)



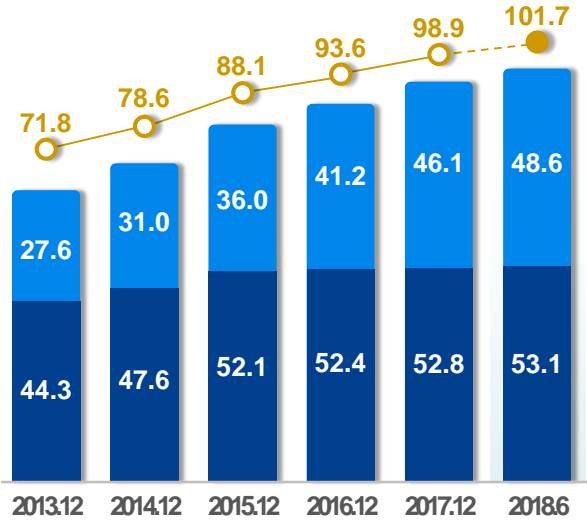
Collateral



SOHO



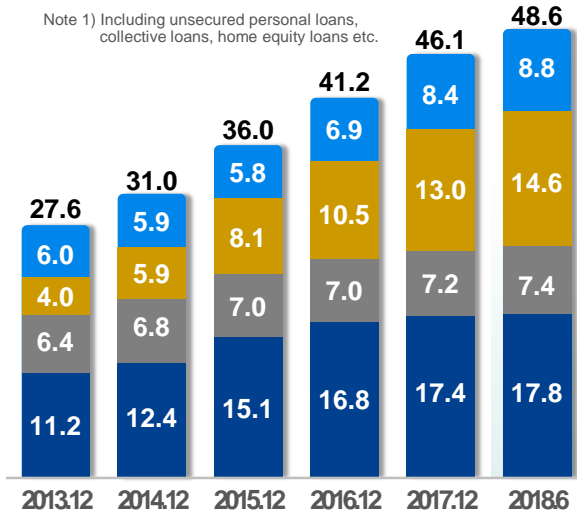
Loans (KRW tril.)



○ Retail Loans ■ Mortgage ■ Personal Loans

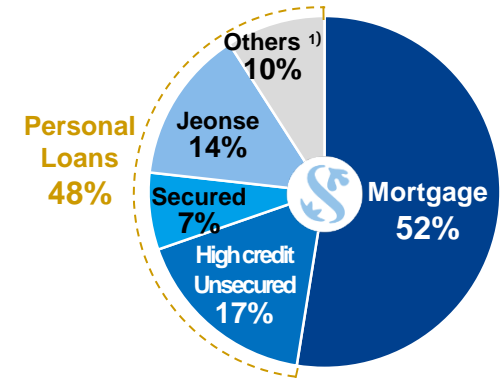
Retail Personal Loans (KRW tril.)

Note 1) Including unsecured personal loans, collective loans, home equity loans etc.



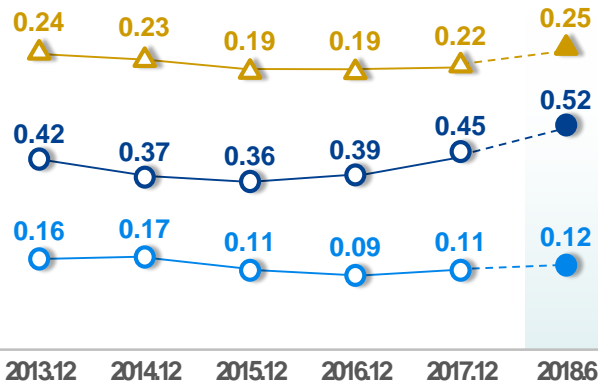
■ High credit Unsecured Personal Loans ■ Secured Loans ■ Jeonse Loans ■ Others¹⁾

Loan Composition



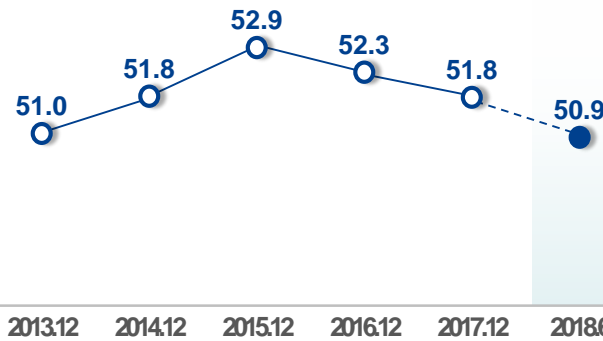
Note 1) Including unsecured personal loans, collective loans, home equity loans etc.

Delinquency (%)

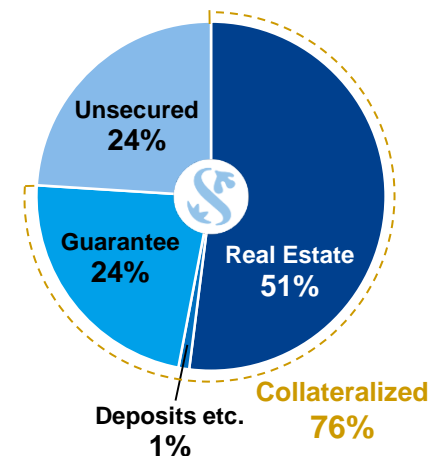


△ Retail Loans ○ Personal Loans ○ Mortgage

LTV (%)

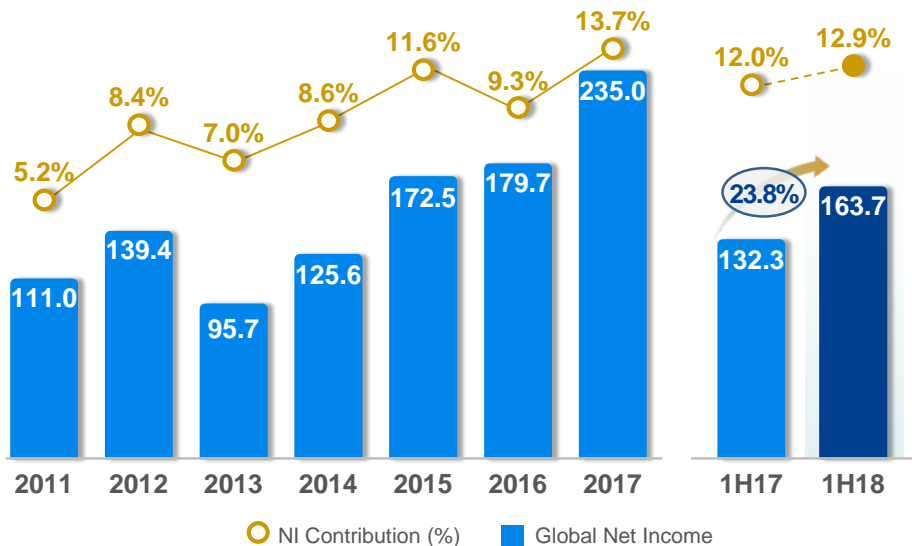


Collateral

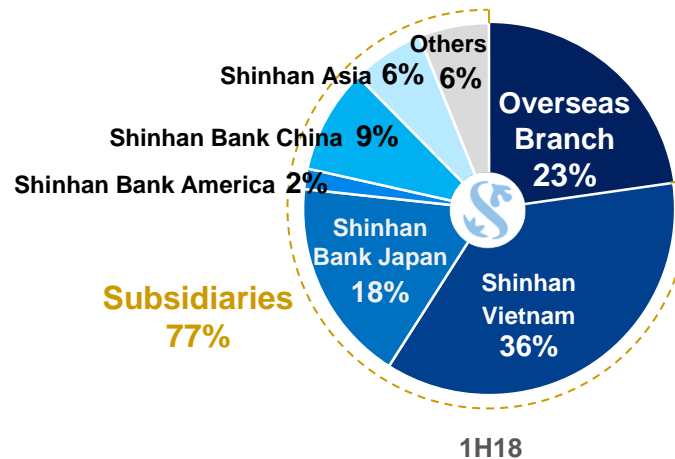


SHB International Business

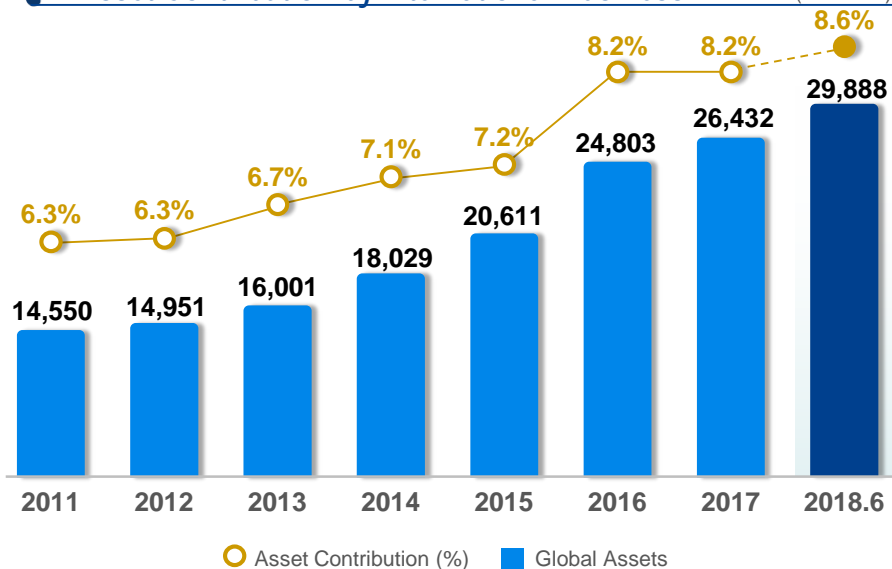
Net Income Contribution by International Business (KRW bil.)



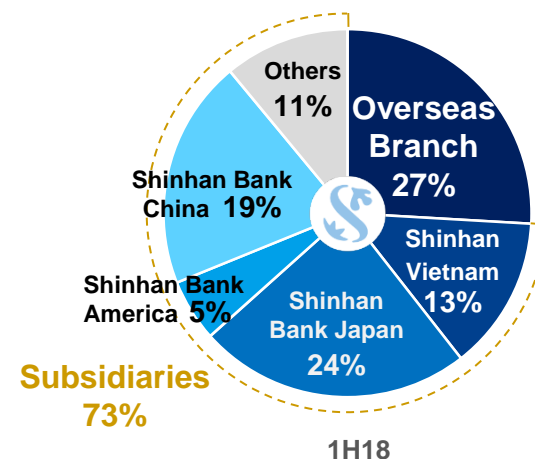
Net Income Composition



Asset Contribution by International Business (KRW bil.)



Asset Composition

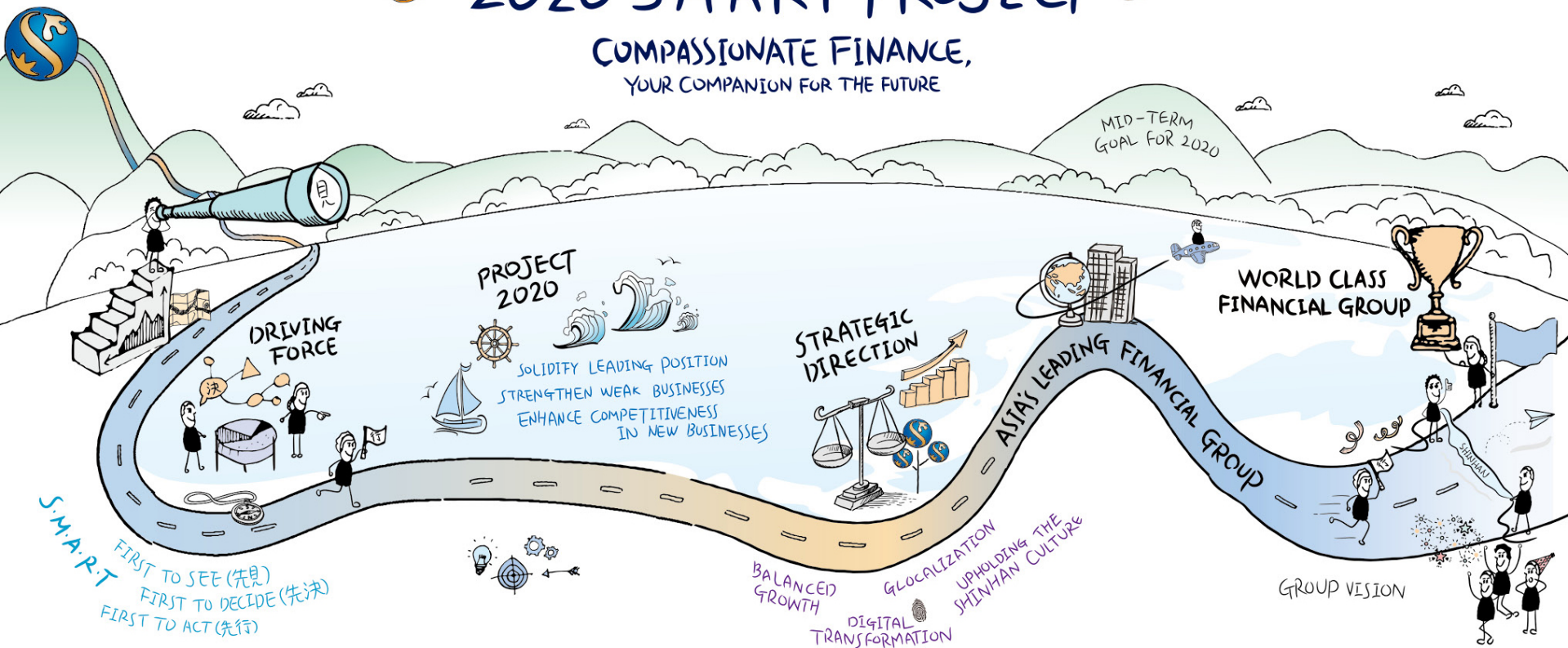




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