

2020 SMART PROJECT

# Business Results

## 2018 3Q

Autumn

# 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](http://www.shinhangroup.com).



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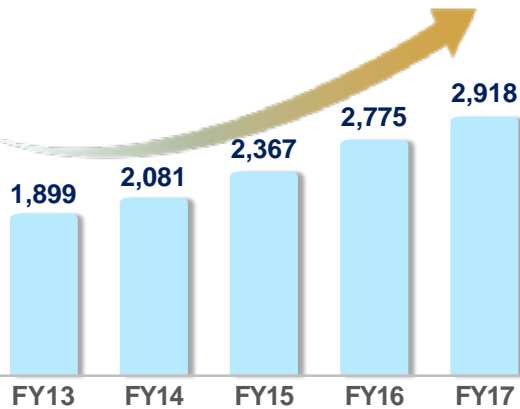


# 2018 3Q Business Result Highlights ①

## Group Net Income

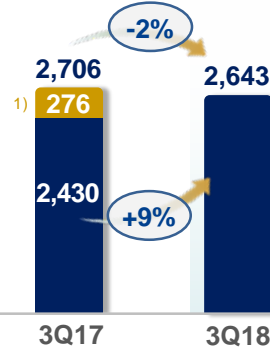
(KRW bil.)

Annual NI



Quarterly NI

Note) Write-backs from SHC in 1Q17



**1** Bank-centric consistent profit stream despite increasing market volatility

**848 bil.**

(2018 3Q Net Income)

**2** Solid core earnings growth achieved by active SME loan growth along with NIM stabilization

**+2.2%**

**1.62%**

(SHB 3Q18 Quarterly SME growth and NIM)

**3** Group-wide disciplined cost management bringing Cost-to-Income Ratio down to the lowest level in 6 years

**44.0%**

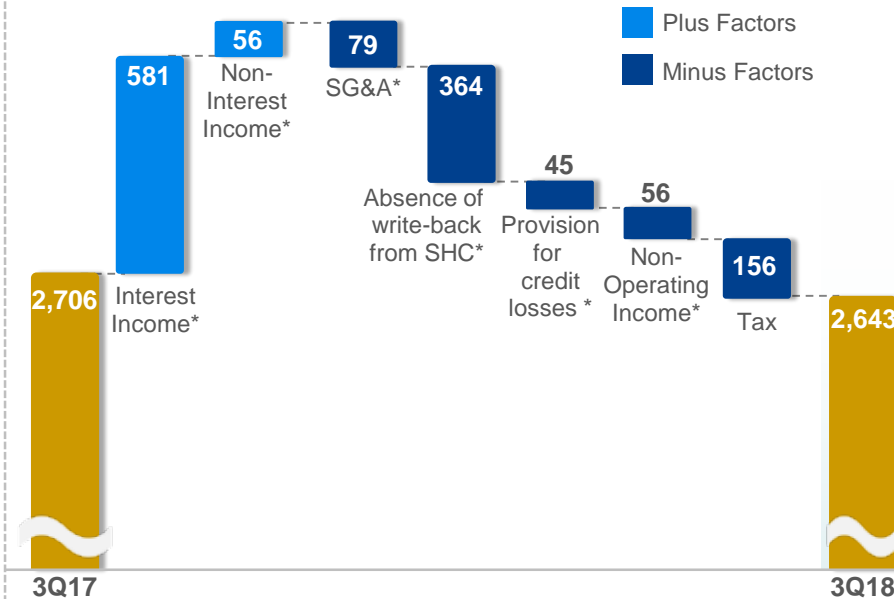
(2018 3Q Cost-to-Income Ratio, Accumulated)

**4** Continuously stabilizing credit cost through prudent credit risk management

**0.55%**

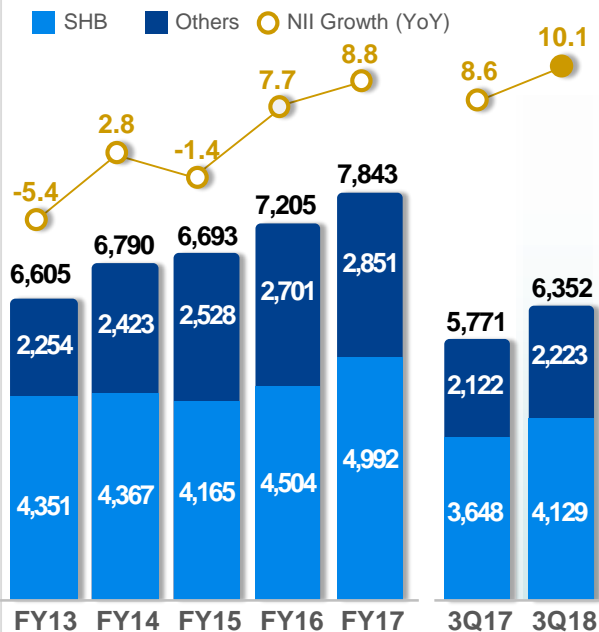
**27bp**

(NPL as of Sep. 2018 & 2018 3Q Credit Costs, Accumulated)



\* Earnings before income tax

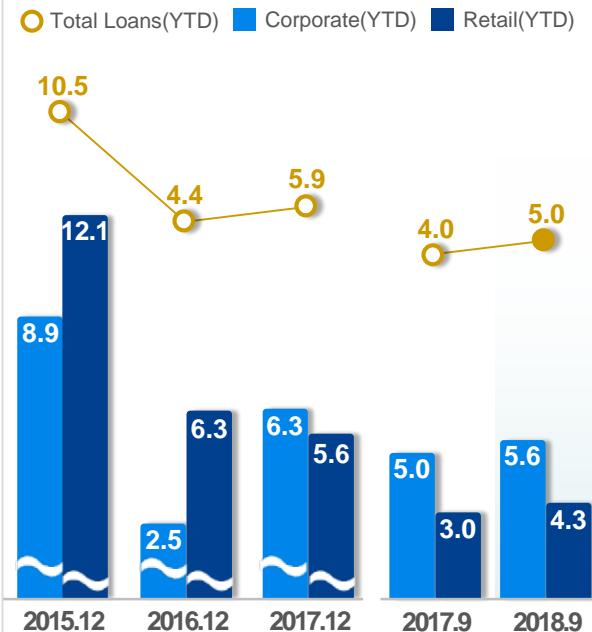
## Interest Income (% , KRW bil.)



### NII Riding Upward Trajectory

- SFG's Interest income increased by 10.1% YoY and 2.4% QoQ attributed to resilient loan growth coupled with continuous margin improvement.
- Interest Income from domestic increased by 8.6% YoY whereas global hiked 33.0% YoY improving its contribution to the Group NII from 6.1% in 1H17 to 7.4% in 1H18.
- NII improvement is attributed to constant drive to focus on qualitative asset growth.

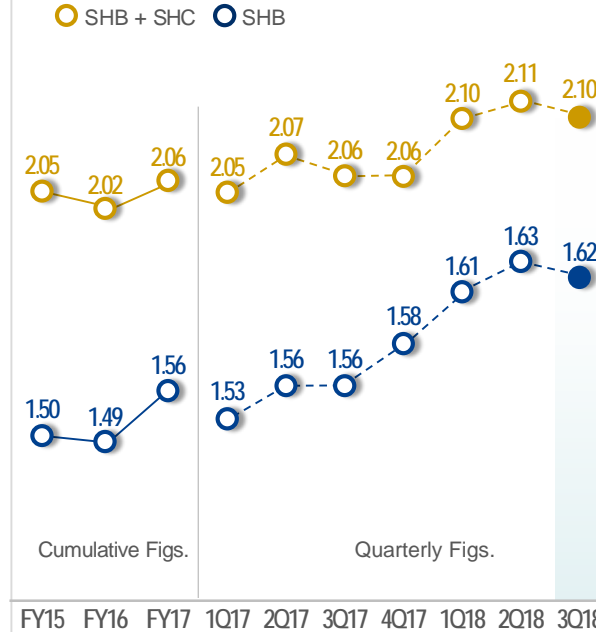
## SHB Loan Growth (%)



### Strong SME Loan Growth

- KRW loan balance as end of 3Q18 marked 205 tril. up by 5.0% YTD and 2.0% QoQ.
- Corporate** : SOHO loans increased by 2.3% in 3Q, bringing up corporate loan growth to 2.5% QoQ.
- Retail** : Personal loans including unsecured Personal loans and Jeonse loans increased by 2.9% in 3Q, shoring up retail loan growth to 1.5% QoQ.
- Deposit grew by 4.1% YTD reaching to 205 tril. Low costs deposits increased by 5.3% YTD. with year-round efforts to draw more low-cost funding.

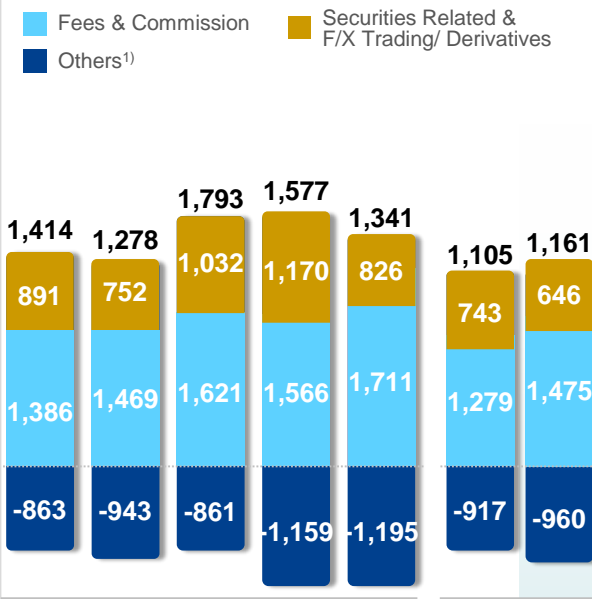
## NIM (%)



### Margin Stabilization

- SHB's NIM decreased only by 1bp QoQ, despite the pressures on lending yields in tandem with falling interest rates during 3Q.
- NIM Stabilizing Factor : 1) lucrative SME loans remaining the focus of the growth, 2) 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 1.67%, evidencing its higher profitability in Overseas.
- Group NIM including credit card marked 2.10%, 1bp contraction QoQ.

## Non-Interest Income (% , KRW bil.)



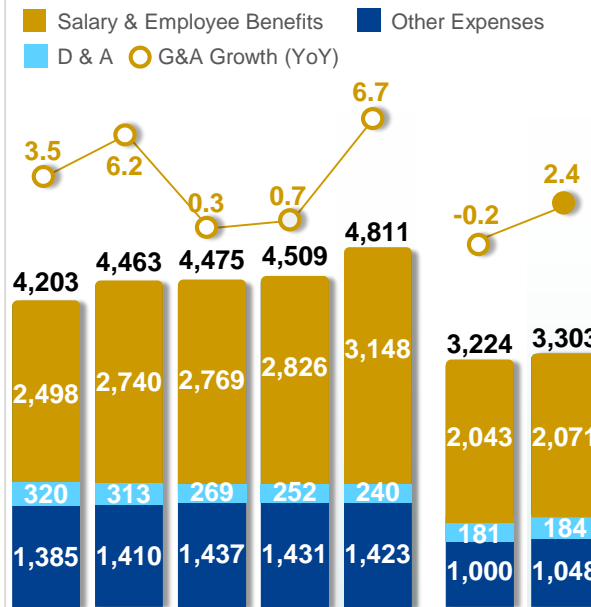
FY13 FY14 FY15 FY16 FY17 3Q17 3Q18

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

### Strong Fee Income

- Fee income increased by 15.3% YoY, attributed to increase in fees from brokerage and sales of financial products despite sluggish credit card fees from dropping merchant fee rate.
- Non-interest income increased only by 5.1% YoY, despite strong fee income mainly due to absence of non-recurring sales gains from securities disposal in 1H17. Whereas dropped by 48% QoQ, attributed to decrease in evaluation gains from FVPL financial instruments.

## G&A Expenses (% , KRW bil.)

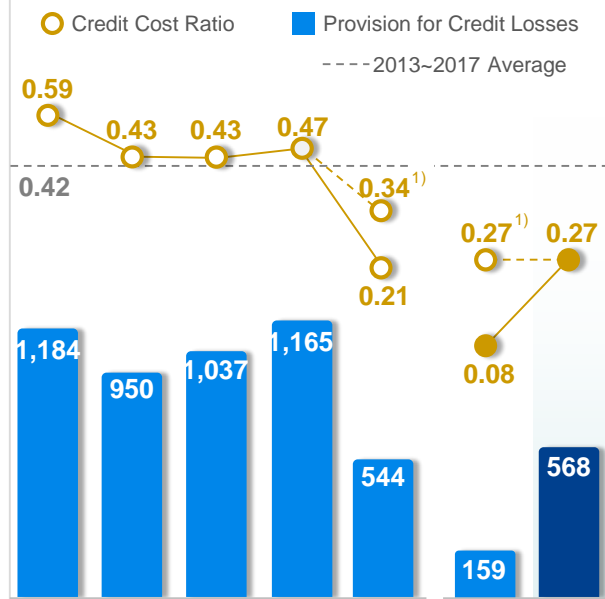


FY13 FY14 FY15 FY16 FY17 3Q17 3Q18

### Disciplined Cost Management

- Cost-to-Income ratio fell down to the lowest level in 6 years marking 44.0% in 3Q18, 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 3Q18 YoY has slightly inched up due to increase in temporary expenses.

## Credit Cost (% , KRW bil.)



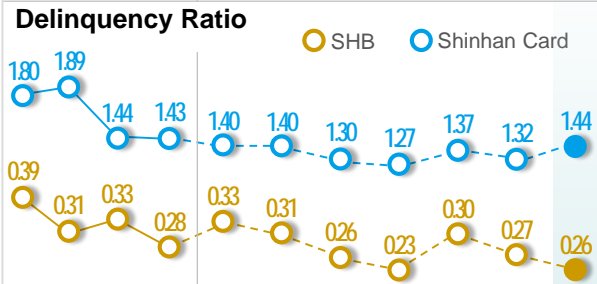
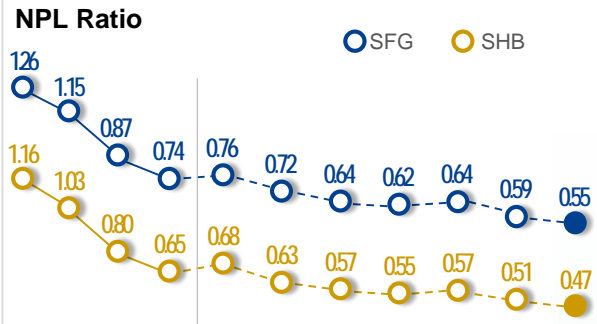
FY13 FY14 FY15 FY16 FY17 3Q17 3Q18

Note 1) Excluding write-backs from Shinhan Card

### Continuously Stabilizing Credit Cost

- Group credit costs marked 27bp in 3Q18, 15bp lower than 5-year average.
- SHB's provision has decreased by 26.8% YoY, attributed to stable asset quality and elimination of one-off provision burdens related to restructuring companies.
- SHC's provision hiked temporarily by 29.6% QoQ, due to only a two business day effect after the Chuseok holiday in September. Whereas YoY increase is due to reversal of allowances in 1Q17 caused by the adoption of IRB approach.

## Asset Quality (%)

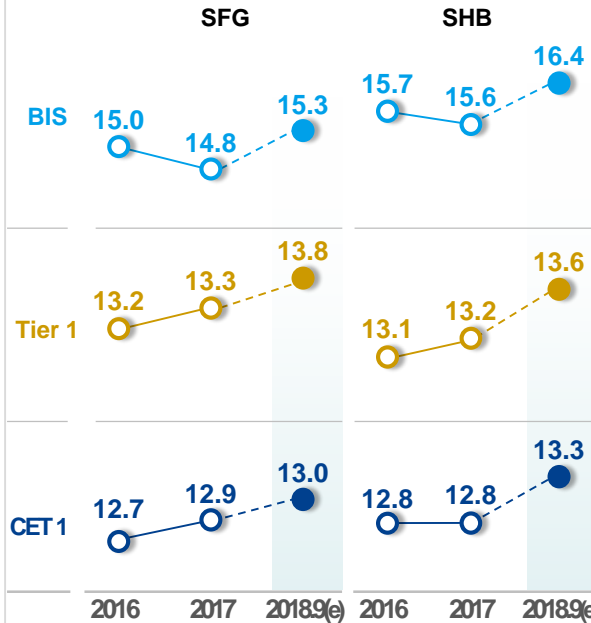


2013 2014 2015 2016 2017.3 2017.6 2017.9 2017.12 2018.3 2018.6 2018.9

### Benign Asset Quality Concern

- NPL ratio for the Group and SHB recorded 0.55% and 0.47%, improved by 4bp QoQ respectively.
- NPL coverage ratio for the Group and SHB each marked 170% and 143%, increasing by 5%p and 2%p QoQ respectively.
- SHB's delinquency ratio improved by 1bp to 0.26%. Whereas SHC's delinquency ratio increased by 12bp to 1.44% attributed to shorter business days after payment date due to the Chuseok holiday in September.

## Capital Adequacy (%)

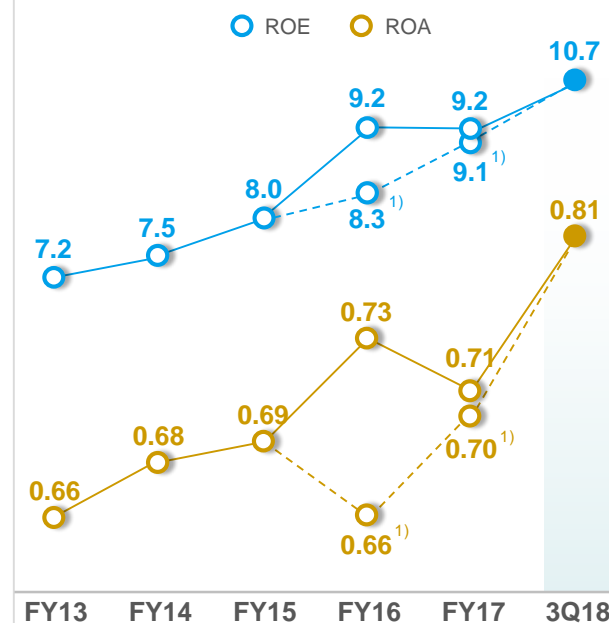


Note) Based on Basel 3

### Strong Capital Base

- Based on BASEL3, Group's Common Equity Tier1 and BIS ratio each estimated 13.0% and 15.3% 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 13.3% and 16.4%.

## 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 10.7%, 1.5%p hike YTD driven by solid earning growth.
- Group ROA recorded 0.81%, 0.10%p improvement YTD attributed to strong operating performance both from bank and non-bank subsidiaries with healthy trend in NIM and credit cost.

# 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) <sup>2)</sup> | Group NI (YoY) <sup>2)</sup> | Cost-to – Income Ratio | Customized Strategy for each of the subsidiaries | Mid-term Business Strategy<br>2020 SMART Project | Creative Culture, “The Shinhan Leader” |
| <b>+13%</b>         | <b>+10%</b>           | <b>+7%</b>                           | <b>+9%</b>                   | <b>44.0%</b>           |  |  |  |

| Non-Banks                               | Non-Interest Income  | Overseas                             | Inorganic  | Digital (On-line)                         | One Shinhan                                | Corporate Culture                                    | Community-oriented                                     |
|---|--|--------------------------------------|--|---|--|--|--|
| NI from Non-Banks (YoY) <sup>3)</sup>   | Fee Income (YoY)   | NI from Global Business (SHB, YoY)   | New Business Lines + M&As<br><br>REITs, ANZ Vietnam, PVFC, Archipelago Asset Mgmt. | Operating Income through Digital Platform | Matrix Business Lines, Cross-Selling Ratio | ESG Recognition<br><br>A <sup>+</sup> Grade from CGS | Compassionate Finance<br><br>“Society of Hope” Project |
| <b>+14%</b>                             | <b>+15%</b>  | <b>+24%</b>                          |  | <b>713bil.</b>                            | <b>39.9%</b>                               |  |  |
| Non Banks NI Contribution<br><b>31%</b> | Non-Interest Income Proportion<br><b>25%</b> <sup>4)</sup> | Global NI Contribution<br><b>13%</b> |  |   |  |  |  |

## 2 Global Expansion

## 3 Digital Transformation

## 4 Uphold Corp. Culture

1) Financial Figures are as of Sep. 30, 2018

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

2) Excluding write-backs from SHC

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



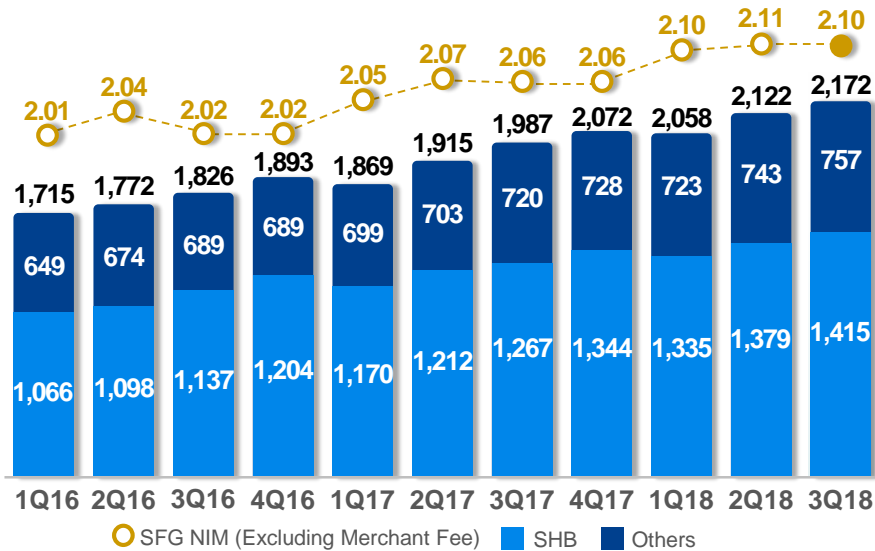
## **. Income**

- 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**



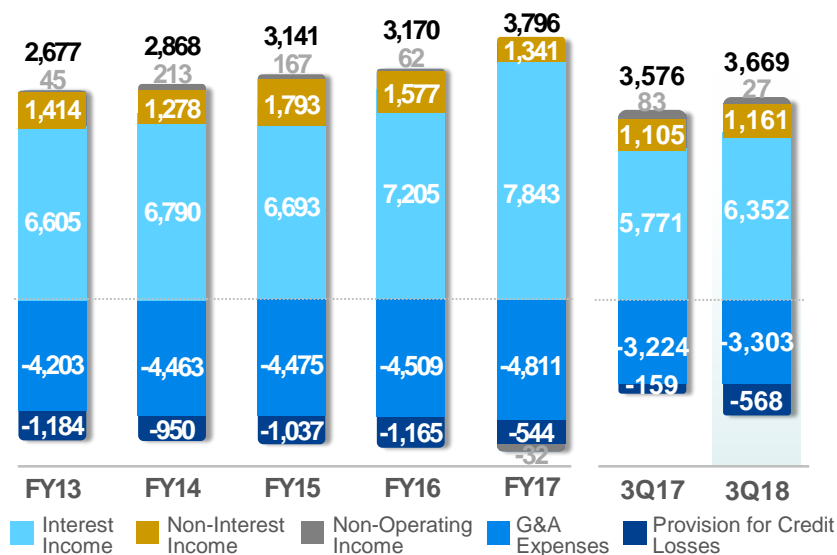
## SFG Interest Income & NIM (Quarterly)

(%, KRW bil.)



## SFG Earnings before Income Tax

(KRW bil.)

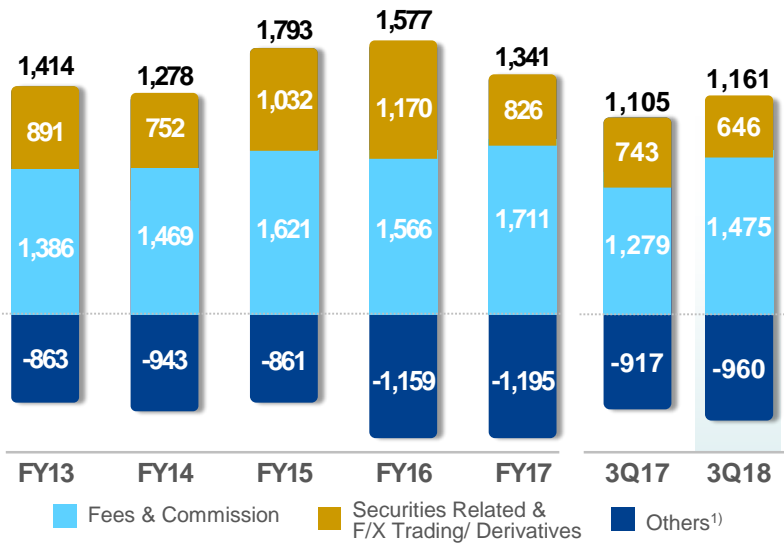


| (KRW bil.)                            | 3Q18 (Acc.) | 3Q17 (Acc.) | YoY%  | 3Q18    | 2Q18    | QoQ%  |
|---------------------------------------|-------------|-------------|-------|---------|---------|-------|
| Operating Income (a=b+c)              | 7,513.0     | 6,875.9     | 9.3   | 2,436.6 | 2,634.2 | -7.5  |
| Interest Income (b)                   | 6,352.0     | 5,770.7     | 10.1  | 2,171.8 | 2,121.9 | 2.4   |
| Non-Interest Income (c)               | 1,161.0     | 1,105.1     | 5.1   | 264.8   | 512.3   | -48.3 |
| G&A Expenses (d)                      | 3,302.6     | 3,223.7     | 2.4   | 1,089.2 | 1,126.4 | -3.3  |
| Pre-Provision Oper. Income (e=a-d)    | 4,210.4     | 3,652.1     | 15.3  | 1,347.4 | 1,507.8 | -10.6 |
| Non-Operating Income (f)              | 26.6        | 82.5        | -67.8 | 33.7    | -25.3   | n.a.  |
| Pre-Provision Income (g=e+f)          | 4,237.0     | 3,734.7     | 13.5  | 1,381.1 | 1,482.5 | -6.8  |
| Provision for Credit Losses (h)       | 568.0       | 158.9       | 257.4 | 214.8   | 173.8   | 23.6  |
| Earnings before Income Tax (i=g-h)    | 3,669.1     | 3,575.7     | 2.6   | 1,166.3 | 1,308.8 | -10.9 |
| Income Tax                            | 994.5       | 838.1       | 18.7  | 308.8   | 360.7   | -14.4 |
| Consolidated Net Income <sup>1)</sup> | 2,643.4     | 2,706.4     | -2.3  | 847.8   | 938.0   | -9.6  |

Note 1) Net Income in Controlling Interest

# SFG Non-Interest Income

## SFG Non-Interest Income (KRW bil.)

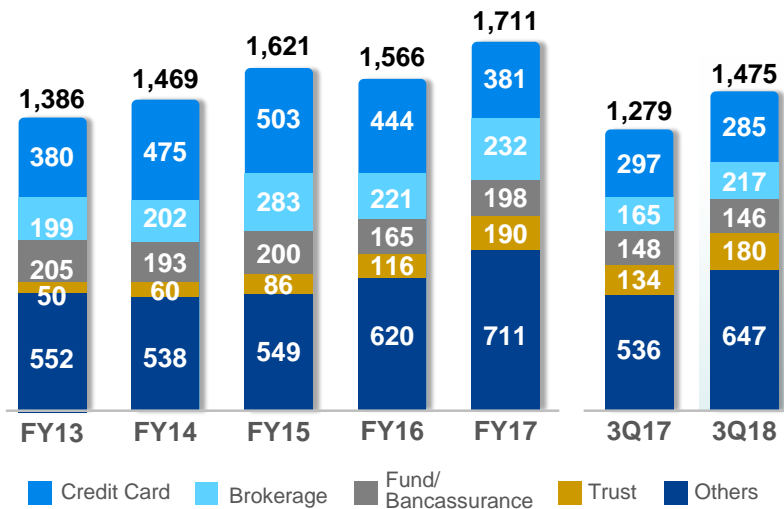


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

| (KRW bil.)   | 3Q18 (Acc.)    | 3Q17 (Acc.) | YoY%  | 3Q18   | 2Q18   | QoQ%  |
|--|----------------|-------------|-------|--------|--------|-------|
| <b>Non-Interest Income</b>                             | <b>1,161.0</b> | 1,105.1     | 5.1   | 264.8  | 512.3  | -48.3 |
| <b>Fees &amp; Commission</b>                           | <b>1,475.3</b> | 1,279.3     | 15.3  | 479.4  | 512.3  | -6.4  |
| <b>Securities Related &amp; FX Trading/Derivatives</b> | <b>645.6</b>   | 743.3       | -13.1 | 137.7  | 301.4  | -54.3 |
| (Gains on FVPL Financial Instruments)                  | <b>267.0</b>   | -           | n.a.  | -87.6  | 233.3  | n.a.  |
| (Gains on Derivatives & FX)                            | <b>282.6</b>   | -           | n.a.  | 207.7  | 41.6   | 399.1 |
| <b>Others</b>  | <b>-959.9</b>  | -917.4      | n.a.  | -352.3 | -301.5 | n.a.  |
| (Contribution Expenses)                                | <b>-208.3</b>  | -187.4      | n.a.  | -71.5  | -70.0  | n.a.  |
| (Insurance Fees on Deposits)                           | <b>-264.0</b>  | -250.2      | n.a.  | -88.5  | -88.1  | n.a.  |
| (Provision for Policy Reserves) <sup>1)</sup>          | <b>-719.6</b>  | -689.2      | n.a.  | -241.6 | -238.5 | n.a.  |

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

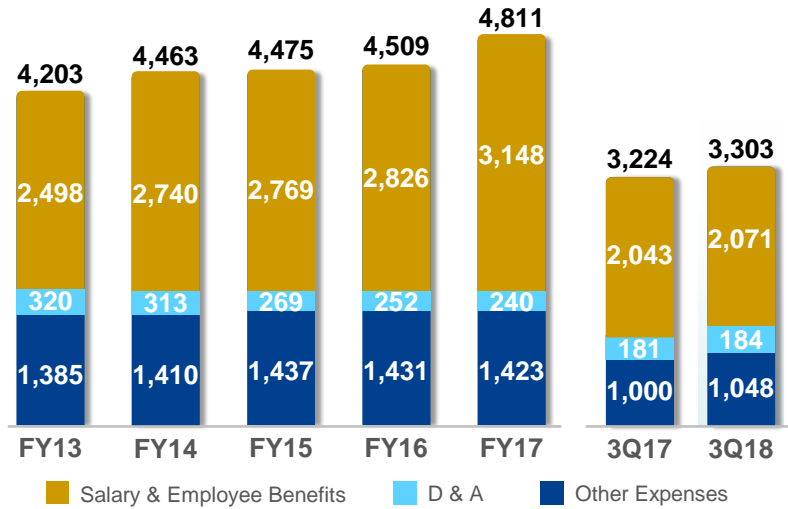
## SFG Fees & Commission (KRW bil.)



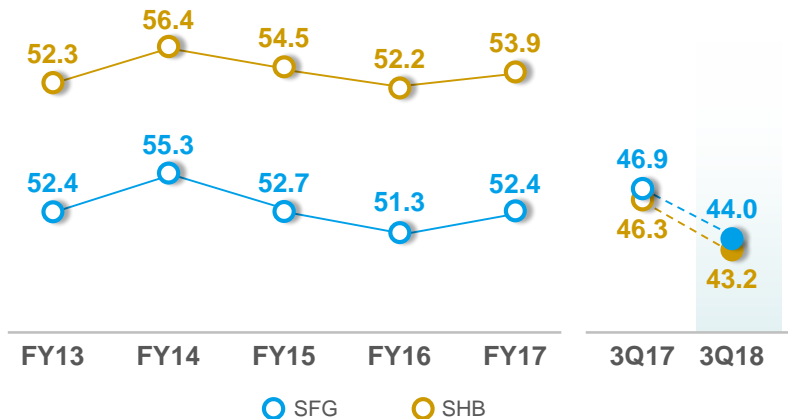
| (KRW bil.)                    | 3Q18 (Acc.)    | 3Q17 (Acc.) | YoY% | 3Q18  | 2Q18  | QoQ%  |
|-------------------------------|----------------|-------------|------|-------|-------|-------|
| <b>Fees &amp; Commission</b>  | <b>1,475.3</b> | 1,279.3     | 15.3 | 479.4 | 512.3 | -6.4  |
| <b>Credit Card Fee Income</b> | <b>284.9</b>   | 296.9       | -4.0 | 105.5 | 102.9 | 2.5   |
| Brokerage Commissions         | <b>216.9</b>   | 165.3       | 31.2 | 52.3  | 79.3  | -34.0 |
| Fund/Bancassurance Fees       | <b>145.9</b>   | 147.7       | -1.2 | 43.0  | 52.6  | -18.3 |
| <b>Trust Fee Income</b>       | <b>180.4</b>   | 133.8       | 34.9 | 51.8  | 68.4  | -24.3 |
| <b>Others</b>                 | <b>647.1</b>   | 535.5       | 20.8 | 226.8 | 209.0 | 8.5   |

# SFG G&A Expenses

## SFG G&A Expenses (KRW bil.)



## Cost-Income Ratio (%)



Note 1) Excluding ERP Cost

## SFG G&A Expenses

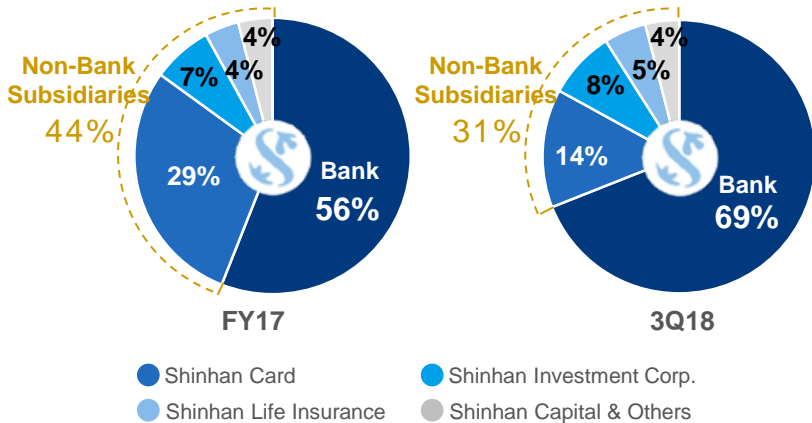
| (KRW bil.)                          | 3Q18 (Acc.)    | 3Q17 (Acc.) | YoY%  | 3Q18    | 2Q18    | QoQ%  |
|-------------------------------------|----------------|-------------|-------|---------|---------|-------|
| <b>G&amp;A Expenses</b>             | <b>3,302.6</b> | 3,223.7     | 2.4   | 1,089.2 | 1,126.4 | -3.3  |
| Salary & Employee Benefits          | <b>2,070.5</b> | 2,042.6     | 1.4   | 683.4   | 689.9   | -0.9  |
| (Early Retirement Program Expenses) | <b>1.3</b>     | 2.1         | -38.3 | -       | -       | n.a.  |
| <b>D &amp; A</b>                    | <b>183.9</b>   | 181.2       | 1.5   | 62.2    | 61.4    | 1.3   |
| <b>Other Expenses</b>               | <b>1,048.2</b> | 999.9       | 4.8   | 343.6   | 375.2   | -8.4  |
| (Advertising Expenses)              | <b>184.1</b>   | 171.4       | 7.4   | 62.1    | 69.6    | -10.7 |
| (Taxes and Dues)                    | <b>133.8</b>   | 128.8       | 3.9   | 39.0    | 53.7    | -27.4 |

## SHB G&A Expenses

| (KRW bil.)                          | 3Q18 (Acc.)    | 3Q17 (Acc.) | YoY% | 3Q18  | 2Q18  | QoQ%  |
|-------------------------------------|----------------|-------------|------|-------|-------|-------|
| <b>G&amp;A Expenses</b>             | <b>2,092.2</b> | 2,035.0     | 2.8  | 697.1 | 719.3 | -3.1  |
| Salary & Employee Benefits          | <b>1,253.8</b> | 1,242.8     | 0.9  | 414.4 | 416.5 | -0.5  |
| (Early Retirement Program Expenses) | <b>0.2</b>     | 0.2         | -0.1 | -     | -     | n.a.  |
| <b>D &amp; A</b>                    | <b>122.3</b>   | 120.1       | 1.9  | 41.4  | 41.0  | 0.8   |
| <b>Other Expenses</b>               | <b>716.0</b>   | 672.2       | 6.5  | 241.2 | 261.8 | -7.9  |
| (Advertising Expenses)              | <b>45.9</b>    | 30.9        | 48.6 | 15.7  | 21.9  | -28.4 |
| (Taxes and Dues)                    | <b>64.2</b>    | 60.1        | 6.7  | 18.0  | 30.4  | -40.8 |

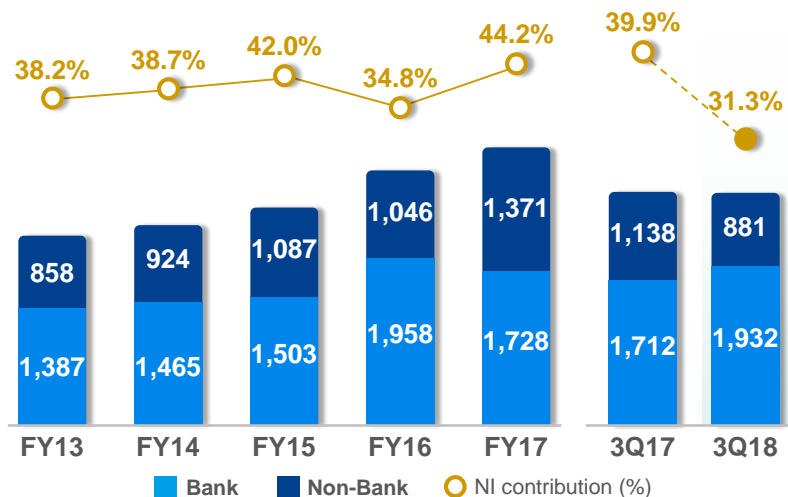
# Subsidiaries Income ①

## Net Income Contribution by Subsidiaries<sup>1)</sup>



Note 1) After reflecting ownership by SFG

## Net Income Contribution by Non-Bank Subsidiaries<sup>1)</sup> (KRW bil.)



Note 1) After reflecting ownership by SFG

| (KRW bil.)                          | Net Income [A] | Ownership [B] | Net Income (A x Ownership) [C=A x B] | Adjustment [D]             | Net Income (Consolidated) [E=C+D] |
|-------------------------------------|----------------|---------------|--------------------------------------|----------------------------|-----------------------------------|
| <b>Bank (a)</b>                     | <b>1,939.4</b> |               | <b>1,932.2</b>                       | <b>-39.9</b>               | <b>1,892.3</b>                    |
| Shinhan Bank                        | 1,916.5        | 100.0%        | 1,916.5                              | -38.3                      | 1,878.2                           |
| Jeju Bank                           | 22.9           | 68.9%         | 15.8                                 | -1.7                       | 14.1                              |
| <b>Non-Bank (b)</b>                 | <b>885.9</b>   |               | <b>880.6</b>                         | <b>34.2</b>                | <b>914.9</b>                      |
| Shinhan Card                        | 395.5          | 100.0%        | 395.5                                | 5.9                        | 401.4                             |
| Shinhan Investment Corp.            | 230.0          | 100.0%        | 230.0                                | 1.6                        | 231.7                             |
| Shinhan Life Insurance              | 129.2          | 100.0%        | 129.2                                | 17.5                       | 146.7                             |
| Shinhan BNPP AM                     | 15.0           | 65.0%         | 9.7                                  | 0.1                        | 9.8                               |
| Shinhan Capital                     | 87.6           | 100.0%        | 87.6                                 | 7.3                        | 94.9                              |
| Shinhan Savings Bank                | 13.5           | 100.0%        | 13.5                                 | 1.1                        | 14.5                              |
| Shinhan Data System                 | 1.2            | 100.0%        | 1.2                                  | -0.7                       | 0.5                               |
| Shinhan AITAS                       | 6.3            | 99.8%         | 6.3                                  | 1.3                        | 7.5                               |
| Shinhan Credit Information          | 2.0            | 100.0%        | 2.0                                  | 0.1                        | 2.1                               |
| Shinhan Alternative Investment      | 2.8            | 100.0%        | 2.8                                  | 0.1                        | 2.9                               |
| Shinhan REITs Management            | 2.8            | 100.0%        | 2.8                                  | -                          | 2.8                               |
| <b>SFG (c)</b>                      |                |               |                                      | <b>-163.8<sup>2)</sup></b> | <b>-163.8</b>                     |
| <b>Total (d=a+b+c)<sup>1)</sup></b> | <b>2,825.2</b> |               | <b>2,812.9</b>                       | <b>-169.5</b>              | <b>2,643.4</b>                    |

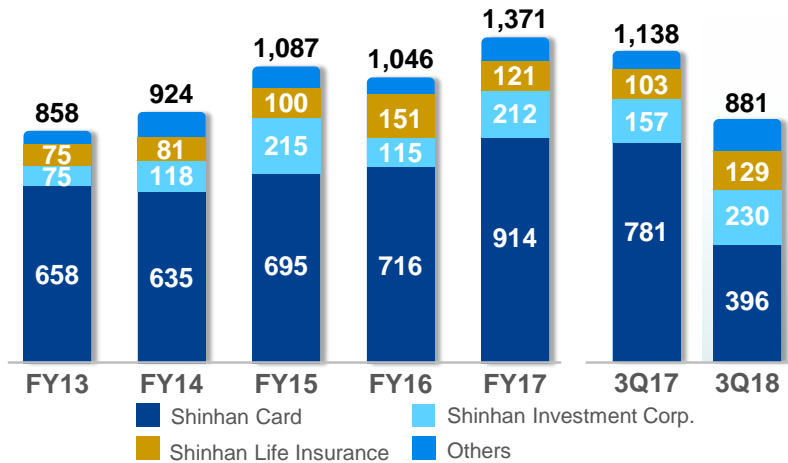
Note 1) Net Income in Controlling Interest

2) SFG (Separate): Brand Fee Income KRW 37.3bil., Interest Expense KRW -139.8bil., G&A etc. KRW -58.3bil.

# Subsidiaries Income ②

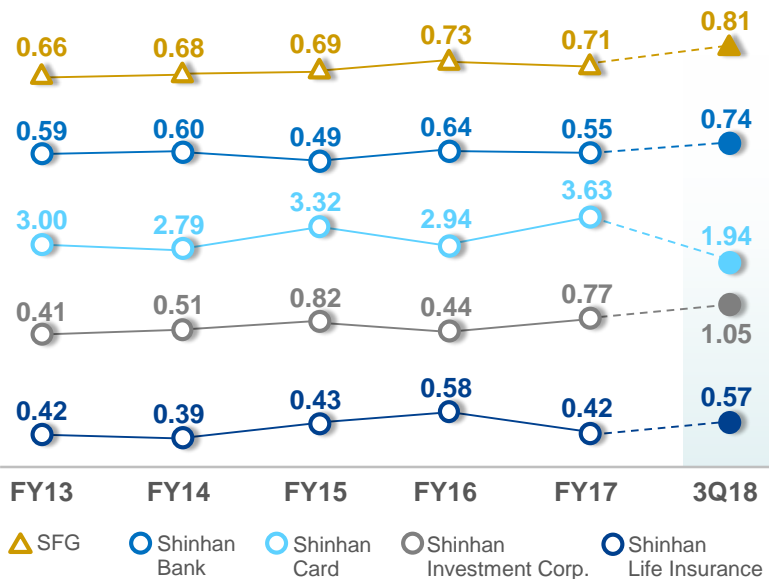
## Non-Bank Net Income

(KRW bil.)



## ROA

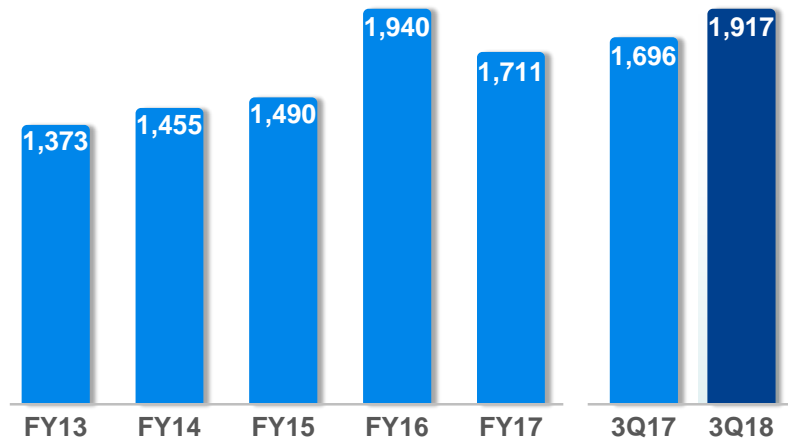
(%)



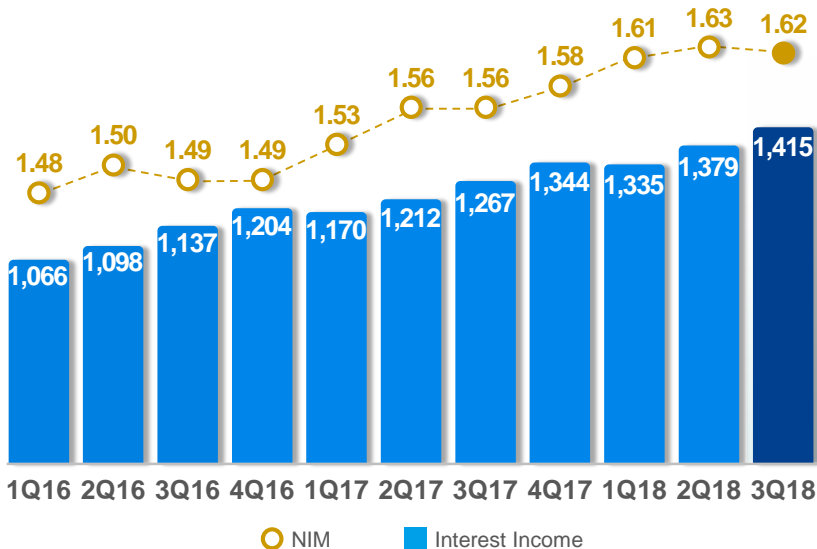
| (Reflecting SFG Ownership, KRW bil.)       | 3Q18 (Acc.)    | 3Q17 (Acc.) | YoY%  | 3Q18  | 2Q18  | QoQ%  |
|--|----------------|-------------|-------|-------|-------|-------|
| <b>Bank (a)</b>                            | <b>1,932.2</b> | 1,711.6     | 12.9  | 650.3 | 677.6 | -4.0  |
| Shinhan Bank                               | 1,916.5        | 1,695.9     | 13.0  | 644.7 | 671.3 | -4.0  |
| Jeju Bank                                  | 15.8           | 15.7        | 0.5   | 5.6   | 6.4   | -11.6 |
| <b>Non-Bank (b)</b>                        | <b>880.6</b>   | 1,138.1     | -22.6 | 260.8 | 315.2 | -17.3 |
| Shinhan Card                               | 395.5          | 780.6       | -49.3 | 113.6 | 142.8 | -20.4 |
| Shinhan Investment Corp.                   | 230.0          | 157.2       | 46.3  | 47.3  | 85.8  | -44.9 |
| Shinhan Life Insurance                     | 129.2          | 103.4       | 25.0  | 59.1  | 36.2  | 63.4  |
| Shinhan BNPP AM                            | 9.7            | 10.3        | -5.4  | 3.1   | 2.9   | 7.2   |
| Shinhan Capital                            | 87.6           | 66.9        | 31.0  | 23.8  | 38.0  | -37.5 |
| Shinhan Savings Bank                       | 13.5           | 13.0        | 3.7   | 5.4   | 4.0   | 33.8  |
| Shinhan Data System                        | 1.2            | 1.3         | -10.8 | 1.0   | 0.7   | 37.9  |
| Shinhan AITAS                              | 6.3            | 5.4         | 17.3  | 2.6   | 2.3   | 14.9  |
| Shinhan Credit Information                 | 2.0            | 0.2         | 734.4 | 0.6   | 0.7   | -17.1 |
| Shinhan Alternative Investment             | 2.8            | -0.1        | n.a.  | 1.7   | 1.0   | 67.0  |
| Shinhan REITs Management                   | 2.8            | -           | n.a.  | 2.5   | 0.7   | 252.2 |
| <b>Total (a+b)</b>                         | <b>2,812.9</b> | 2,849.7     | -1.3  | 911.1 | 992.9 | -8.2  |
| <b>Consolidate Net Income<sup>1)</sup></b> | <b>2,643.4</b> | 2,706.4     | -2.3  | 847.8 | 938.0 | -9.6  |

Note 1) Net Income in Controlling Interest

## Net Income (KRW bil.)



## Interest Income/NIM(Quarterly) (% , KRW bil.)



| (KRW bil.)                         | 3Q18 (Acc.)    | 3Q17 (Acc.) | YoY%  | 3Q18    | 2Q18    | QoQ%  |
|------------------------------------|----------------|-------------|-------|---------|---------|-------|
| Operating Income (a=b+c)           | <b>4,842.8</b> | 4,396.5     | 10.2  | 1,604.7 | 1,664.6 | -3.6  |
| Interest Income (b)                | <b>4,128.8</b> | 3,648.3     | 13.2  | 1,415.1 | 1,378.8 | 2.6   |
| Non-Interest Income (c)            | <b>714.0</b>   | 748.2       | -4.6  | 189.6   | 285.9   | -33.7 |
| G&A Expenses (d)                   | <b>2,092.2</b> | 2,035.0     | 2.8   | 697.1   | 719.3   | -3.1  |
| Pre-Provision Oper.Income (e=a-d)  | <b>2,750.6</b> | 2,361.5     | 16.5  | 907.7   | 945.3   | -4.0  |
| Non-Operating Income (f)           | <b>7.7</b>     | 61.6        | -87.6 | 9.9     | -4.2    | n.a.  |
| Pre-Provision Income (g=e+f)       | <b>2,758.3</b> | 2,423.1     | 13.8  | 917.6   | 941.1   | -2.5  |
| Provision for Credit Losses (h)    | <b>176.3</b>   | 240.7       | -26.8 | 54.6    | 34.9    | 56.2  |
| Earnings before Income Tax (i=g-h) | <b>2,582.0</b> | 2,182.4     | 18.3  | 863.0   | 906.2   | -4.8  |
| Income Tax                         | <b>665.3</b>   | 486.3       | 36.8  | 218.2   | 234.8   | -7.1  |
| Net Income <sup>1)</sup>           | <b>1,916.5</b> | 1,695.9     | 13.0  | 644.7   | 671.3   | -4.0  |

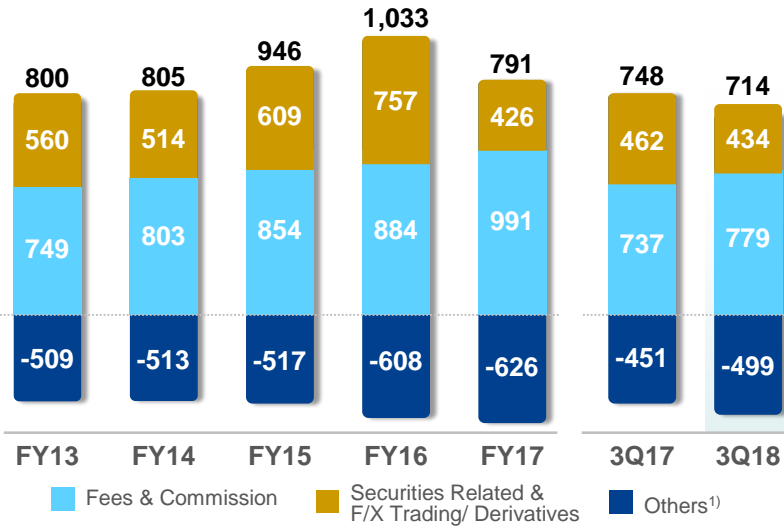
Note 1) Net Income in Controlling Interest

| (%)                       | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 | 2Q17 | 3Q17 | 4Q17 | 1Q18 | 2Q18 | 3Q18        |
|---------------------------|------|------|------|------|------|------|------|------|------|------|-------------|
| NIS (a-b) (quarterly)     | 1.65 | 1.69 | 1.68 | 1.69 | 1.75 | 1.81 | 1.82 | 1.84 | 1.87 | 1.89 | <b>1.89</b> |
| Loan interest rate (a)    | 3.10 | 3.08 | 2.99 | 2.97 | 3.00 | 3.03 | 3.04 | 3.10 | 3.19 | 3.27 | <b>3.32</b> |
| Deposit interest rate (b) | 1.45 | 1.40 | 1.31 | 1.28 | 1.26 | 1.22 | 1.22 | 1.26 | 1.32 | 1.38 | <b>1.43</b> |
| NIM (quarterly)           | 1.48 | 1.50 | 1.49 | 1.49 | 1.53 | 1.56 | 1.56 | 1.58 | 1.61 | 1.63 | <b>1.62</b> |
| NIM (cumulative figures)  | 1.48 | 1.49 | 1.49 | 1.49 | 1.53 | 1.55 | 1.55 | 1.56 | 1.61 | 1.62 | <b>1.62</b> |

# SHB Non-Interest Income

## Non-Interest Income

(KRW bil.)

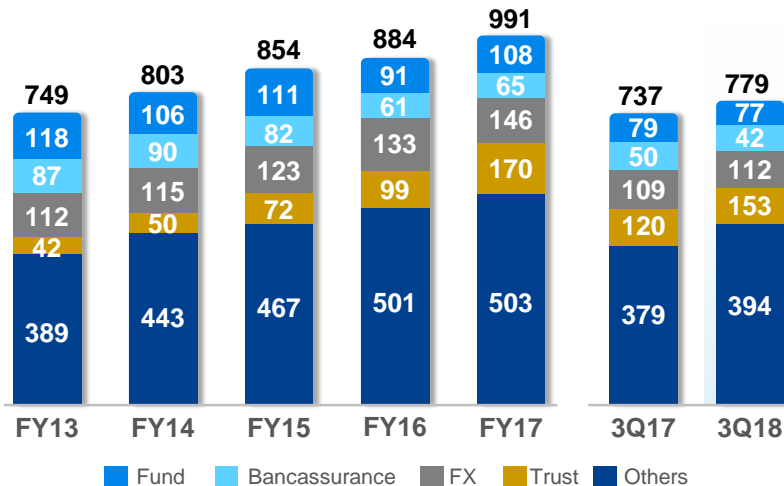


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

| (KRW bil.)                                  | 3Q18 (Acc.) | 3Q17 (Acc.) | YoY% | 3Q17   | 2Q17   | QoQ%  |
|---|-------------|-------------|------|--------|--------|-------|
| Non-Interest Income                         | 714.0       | 748.2       | -4.6 | 189.6  | 285.9  | -33.7 |
| Fees & Commission                           | 778.7       | 736.6       | 5.7  | 249.2  | 270.6  | -7.9  |
| Securities Related & FX Trading/Derivatives | 434.3       | 462.4       | -6.1 | 126.5  | 170.8  | -25.9 |
| (Gains on FVPL Financial Instruments)       | 195.0       | -           | n.a. | 70.7   | 90.8   | -22.1 |
| (Gains on Derivatives & FX)                 | 207.5       | -           | n.a. | 48.7   | 74.4   | -34.6 |
| Others                                      | -499.0      | -450.7      | n.a. | -186.1 | -155.4 | n.a.  |
| (Contribution Expenses)                     | -202.4      | -181.4      | n.a. | -69.4  | -68.0  | n.a.  |
| (Insurance Fees on Deposits)                | -228.4      | -217.5      | n.a. | -76.8  | -76.1  | n.a.  |

## Fees & Commission

(KRW bil.)

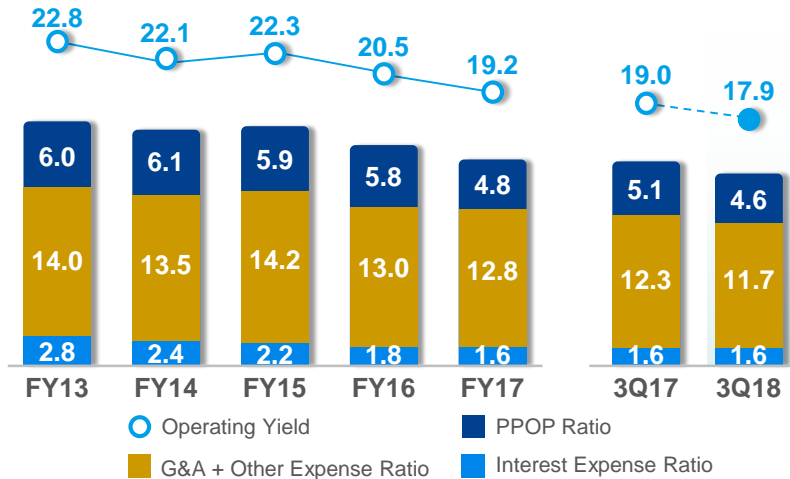


| (KRW bil.)               | 3Q18 (Acc.) | 3Q17 (Acc.) | YoY%  | 3Q18  | 2Q18  | QoQ%  |
|--------------------------|-------------|-------------|-------|-------|-------|-------|
| Fees & Commission        | 778.7       | 736.6       | 5.7   | 249.2 | 270.6 | -7.9  |
| Fund Fee Income          | 77.4        | 78.8        | -1.8  | 20.2  | 28.2  | -28.5 |
| Bancassurance Fee Income | 42.2        | 50.4        | -16.3 | 14.2  | 14.3  | -0.6  |
| FX Fee Income            | 111.7       | 108.9       | 2.5   | 39.1  | 39.0  | 0.5   |
| Trust Fee Income         | 153.3       | 119.5       | 28.3  | 42.1  | 58.2  | -27.6 |
| Others                   | 394.1       | 378.9       | 4.0   | 133.5 | 130.9 | 2.0   |



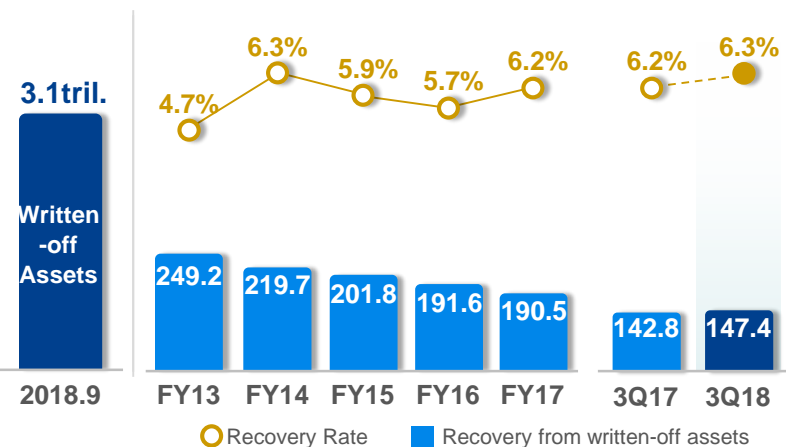
# Shinhan Card Income

## Operating Yield and PPOP Ratio (%)



Note) Net of Derivatives & F/X

## Recovery from Written-off Assets (KRW bil.)



| (KRW bil.)                                  | 3Q18 (Acc.)    | 3Q17 (Acc.) | YoY%  | 3Q18    | 2Q18    | QoQ%  |
|---|----------------|-------------|-------|---------|---------|-------|
| <b>Operating Revenue (a)</b>                | <b>3,639.9</b> | 3,556.2     | 2.4   | 1,193.8 | 1,287.8 | -7.3  |
| <b>Card Business</b>                        | <b>3,027.0</b> | 2,922.7     | 3.6   | 1,041.1 | 1,012.6 | 2.8   |
| <b>Installment Finance</b>                  | <b>81.1</b>    | 76.2        | 6.4   | 28.4    | 27.1    | 4.9   |
| <b>Lease</b>                                | <b>87.9</b>    | 47.3        | 85.7  | 34.9    | 28.3    | 23.6  |
| <b>Others</b>                               | <b>443.9</b>   | 510.0       | -13.0 | 89.3    | 219.8   | -59.4 |
| <b>(Derivatives &amp; FX)</b>               | <b>123.8</b>   | 178.0       | -30.4 | -3.1    | 115.8   | n.a.  |
| <b>Interest Expense (b)</b>                 | <b>314.1</b>   | 282.0       | 11.4  | 112.5   | 104.4   | 7.7   |
| <b>G&amp;A Expenses (c)</b>                 | <b>501.1</b>   | 525.8       | -4.7  | 165.4   | 167.2   | -1.0  |
| <b>Commissions &amp; Other Expenses (d)</b> | <b>1,919.3</b> | 1,844.0     | 4.1   | 606.7   | 702.2   | -13.6 |
| <b>(Derivatives &amp; FX)</b>               | <b>97.1</b>    | 152.6       | -36.3 | -11.9   | 106.9   | n.a.  |
| <b>Pre-Provision Income (e=a-b-c-d)</b>     | <b>905.3</b>   | 904.5       | 0.1   | 309.2   | 314.0   | -1.5  |
| <b>Provision for Credit Losses (f)</b>      | <b>368.3</b>   | -111.3      | n.a.  | 156.6   | 120.8   | 29.6  |
| <b>Earnings before Income Tax (g=e-f)</b>   | <b>537.0</b>   | 1,015.7     | -47.1 | 152.6   | 193.1   | -21.0 |
| <b>Income Tax</b>                           | <b>143.2</b>   | 238.1       | -39.9 | 39.5    | 50.6    | -21.9 |
| <b>Net Income <sup>1)</sup></b>             | <b>395.5</b>   | 780.6       | -49.3 | 113.6   | 142.8   | -20.4 |

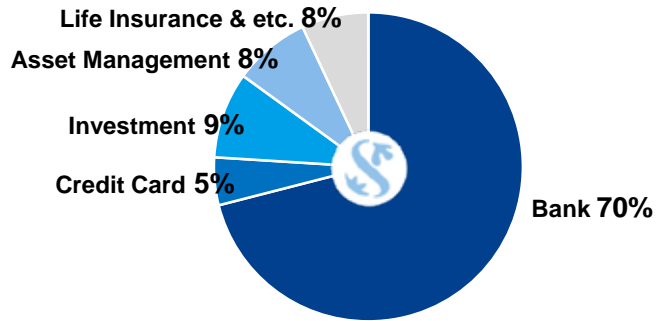
Note 1) Net Income in Controlling Interest

# . Assets & Liabilities

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

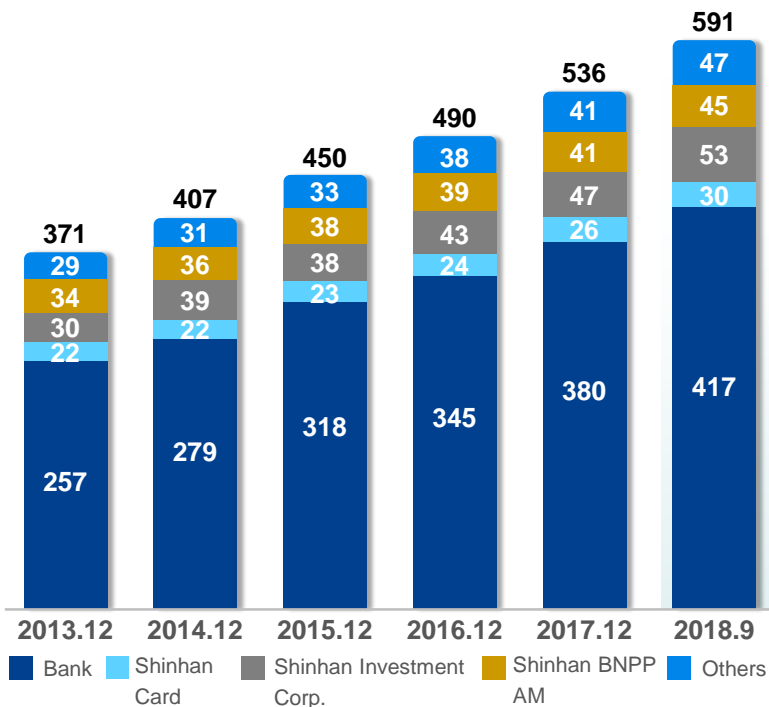


## Asset Contribution by Subsidiary



## SFG Total Assets

(KRW tril.)

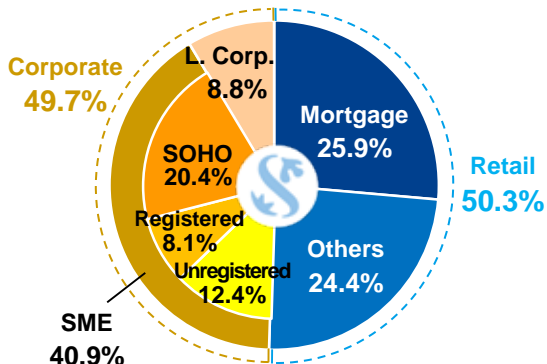


| (KRW bil.)                     | 2018.9           | 2017.12   | YTD%  | 2018.6    | QoQ% |
|--------------------------------|------------------|-----------|-------|-----------|------|
| <b>Bank (a)</b>                | <b>416,912.5</b> | 380,209.9 | 9.7   | 407,821.1 | 2.2  |
| Shinhan Bank                   | 411,182.4        | 374,647.0 | 9.8   | 402,221.4 | 2.2  |
| Jeju Bank                      | 5,730.1          | 5,562.9   | 3.0   | 5,599.7   | 2.3  |
| <b>Non-Bank (b)</b>            | <b>170,822.3</b> | 153,584.1 | 11.1  | 161,398.5 | 5.8  |
| Shinhan Card                   | 29,512.4         | 26,367.6  | 11.9  | 27,493.9  | 7.3  |
| Shinhan Investment Corp.       | 53,190.8         | 46,721.0  | 13.8  | 49,791.9  | 6.8  |
| Shinhan Life Insurance         | 31,003.2         | 29,719.4  | 4.3   | 30,564.1  | 1.4  |
| Shinhan BNPP AM                | 45,177.8         | 41,134.5  | 9.8   | 42,658.7  | 5.9  |
| Shinhan Capital                | 5,928.8          | 5,315.4   | 11.5  | 5,807.2   | 2.1  |
| Shinhan Savings Bank           | 1,398.9          | 1,287.2   | 8.7   | 1,310.2   | 6.8  |
| Shinhan Data System            | 46.1             | 39.8      | 15.7  | 37.0      | 24.6 |
| Shinhan AITAS                  | 63.4             | 58.2      | 9.0   | 59.6      | 6.3  |
| Shinhan Credit Information     | 24.2             | 22.7      | 6.4   | 23.2      | 4.4  |
| Shinhan Alternative Investment | 1,104.6          | 86.9      | 277.6 | 585.6     | 88.6 |
| Shinhan REITs Management       | 649.6            | 29.3      | n.m.  | 625.0     | 3.9  |
| Others                         | 2,722.5          | 2,802.1   | -2.8  | 2,442.1   | 11.5 |
| <b>Total <sup>1)</sup></b>     | <b>591,398.5</b> | 535,710.3 | 10.4  | 572,541.3 | 3.3  |
| Consolidate Total Assets       | 457,709.0        | 426,305.7 | 7.4   | 453,282.0 | 1.0  |

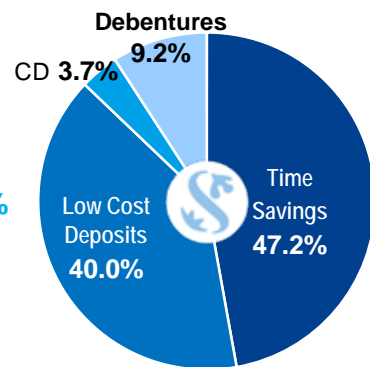
Note 1) Trust A/C of Shinhan Bank, Shinhan Investment Corp. and AUM(Including discretionary assets) of Shinhan BNPP AM, Shinhan AI, Shinhan REITs are included.

# SHB Loan / Deposit Growth

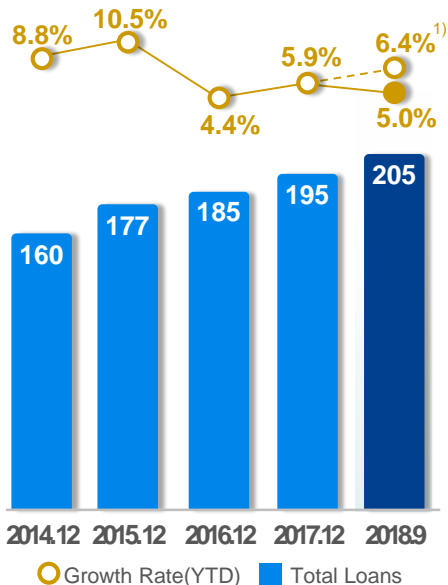
## Loan Composition



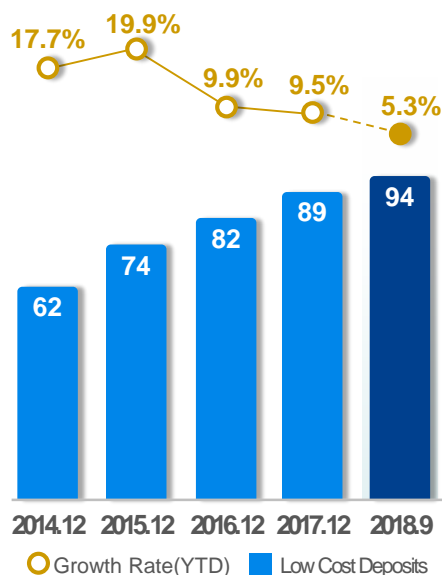
## Funding Composition



## KRW Loan Growth (KRW tril.)



## Low Cost Deposits (KRW tril.)



Note 1) Including Loans Securitized

| (KRW bil.)           | 2018.9  | 2017.12 | YTD% | 2018.6  | QoQ% |
|----------------------|---------|---------|------|---------|------|
| Loan in KRW          | 205,188 | 195,497 | 5.0  | 201,294 | 2.0  |
| Retail               | 103,160 | 98,877  | 4.3  | 101,720 | 1.5  |
| Mortgage             | 53,192  | 52,808  | 0.7  | 53,097  | 0.2  |
| Others <sup>1)</sup> | 49,967  | 46,069  | 8.5  | 48,623  | 2.9  |
| Corporate            | 102,028 | 96,620  | 5.6  | 99,574  | 2.5  |
| SME                  | 83,973  | 78,556  | 6.9  | 82,219  | 2.2  |
| SOHO                 | 41,898  | 38,610  | 8.5  | 41,005  | 2.3  |
| Large Corporate etc. | 18,056  | 18,064  | -0.0 | 17,355  | 3.9  |
| Loan in FX           | 7,516   | 7,658   | -1.9 | 8,151   | -8.3 |

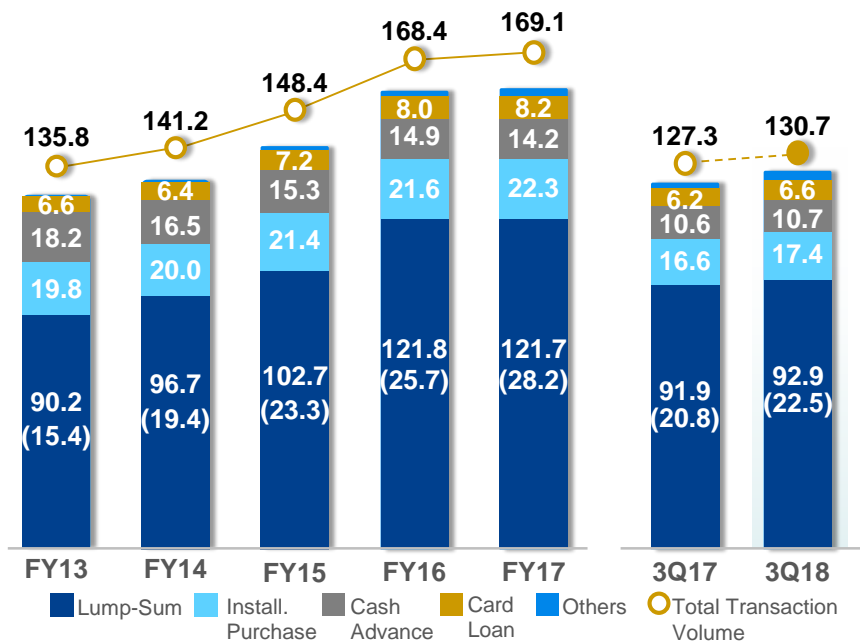
Note 1) Including Unsecured Personal Loans, Secured Loans, Jeonse Loans etc.

| (KRW bil.)              | 2018.9  | 2017.12 | YTD% | 2018.6  | QoQ% |
|-------------------------|---------|---------|------|---------|------|
| Total Deposits in KRW   | 205,408 | 197,355 | 4.1  | 205,682 | -0.1 |
| Low Cost Deposits       | 94,187  | 89,462  | 5.3  | 92,280  | 2.1  |
| Demand                  | 28,256  | 26,936  | 4.9  | 28,455  | -0.7 |
| Savings                 | 65,931  | 62,525  | 5.4  | 63,826  | 3.4  |
| Time Savings            | 111,221 | 107,894 | 3.1  | 113,402 | -2.0 |
| Time Deposits           | 102,605 | 99,491  | 3.1  | 105,084 | -2.5 |
| Accumulative etc.       | 8,616   | 8,403   | 2.5  | 8,317   | 3.6  |
| Certificate of Deposits | 8,709   | 6,973   | 24.9 | 8,679   | 0.4  |
| Debentures in KRW       | 21,627  | 20,057  | 7.8  | 20,506  | 5.6  |

# Shinhan Card Asset Growth

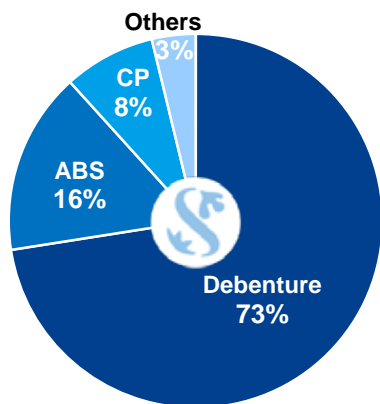
## Transaction Volume

(KRW tril.)



Note) Figs. in parenthesis represent debit card transaction volume

## Funding Composition



| (KRW bil.)                           | 2018.9        | 2017.12 | YTD% | 2018.6 | QoQ% |
|--------------------------------------|---------------|---------|------|--------|------|
| <b>Earning Assets</b>                | <b>26,708</b> | 24,553  | 8.8  | 26,116 | 2.3  |
| Credit Purchase                      | 13,695        | 12,620  | 8.5  | 13,107 | 4.5  |
| Cash Advances                        | 1,896         | 1,921   | -1.3 | 1,897  | -0.0 |
| Card Loan                            | 6,267         | 5,944   | 5.4  | 6,463  | -3.0 |
| (Re-aged Loan)                       | 235           | 250     | -5.8 | 253    | -7.0 |
| Installment Finance                  | 2,557         | 2,270   | 12.6 | 2,446  | 4.5  |
| Lease etc.                           | 2,293         | 1,798   | 27.5 | 2,202  | 4.2  |
| Effective Cardholders (in thousands) | 12,473        | 12,295  | 1.4  | 12,420 | 0.4  |
| Merchants (in thousands)             | 2,786         | 2,724   | 2.3  | 2,764  | 0.8  |

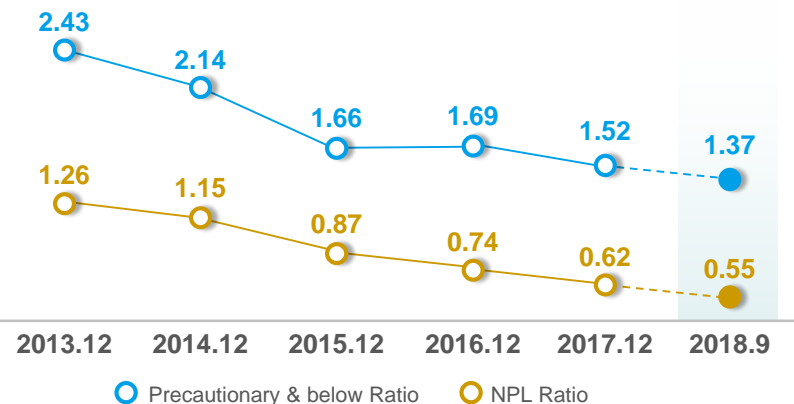
| (KRW bil.)           | 2018.9        | 2017.12 | YTD% | 2018.6 | QoQ%  |
|----------------------|---------------|---------|------|--------|-------|
| <b>Total Funding</b> | <b>18,494</b> | 15,840  | 16.8 | 17,831 | 3.7   |
| Debentures           | 13,411        | 11,814  | 13.5 | 12,912 | 3.9   |
| ABS                  | 2,918         | 2,121   | 37.6 | 2,505  | 16.4  |
| CP                   | 1,465         | 1,130   | 29.6 | 1,565  | -6.4  |
| Others               | 701           | 775     | -9.6 | 848    | -17.4 |

# . Asset Quality

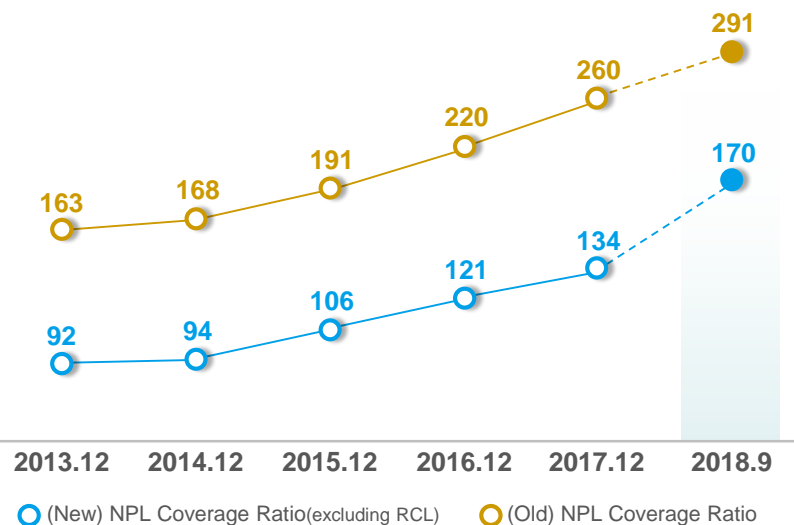
1. SFG Asset Quality
2. SHB Asset Quality
3. Shinhan Card Asset Quality
4. Provision for Credit Losses / Write-offs



## Precautionary & below Ratio/NPL Ratio (%)



## NPL Coverage Ratio (%)



| (KRW bil.)                                     | 2018.9         | 2017.12 | YTD%    | 2018.6  | QoQ%    |
|--|----------------|---------|---------|---------|---------|
| <b>Total Loans <sup>1)</sup></b>               | <b>281,369</b> | 263,976 | 6.6     | 276,024 | 1.9     |
| <b>Normal</b>                                  | <b>277,501</b> | 259,957 | 6.7     | 272,075 | 2.0     |
| <b>Precautionary</b>                           | <b>2,318</b>   | 2,384   | -2.8    | 2,324   | -0.3    |
| <b>Substandard</b>                             | <b>533</b>     | 551     | -3.3    | 546     | -2.4    |
| <b>Doubtful</b>                                | <b>481</b>     | 518     | -7.1    | 500     | -3.7    |
| <b>Estimated Loss</b>                          | <b>537</b>     | 567     | -5.3    | 579     | -7.4    |
| <b>Substandard &amp; Below</b>                 | <b>1,550</b>   | 1,635   | -5.2    | 1,625   | -4.6    |
| <b>NPL Ratio</b>                               | <b>0.55%</b>   | 0.62%   | -0.07%p | 0.59%   | -0.04%p |
| <b>Loan Loss Allowance <sup>2)</sup></b>       | <b>4,507</b>   | 4,246   | 6.1     | 4,490   | 0.4     |
| <b>Reserve for credit losses <sup>3)</sup></b> | <b>1,873</b>   | 2,059   | -9.1    | 1,815   | 3.2     |
| <b>(New) NPL Coverage Ratio <sup>4)</sup></b>  | <b>170%</b>    | 134%    | 36%p    | 165%    | 5%p     |
| <b>(Old) NPL Coverage Ratio</b>                | <b>291%</b>    | 260%    | 31%p    | 276%    | 15%p    |

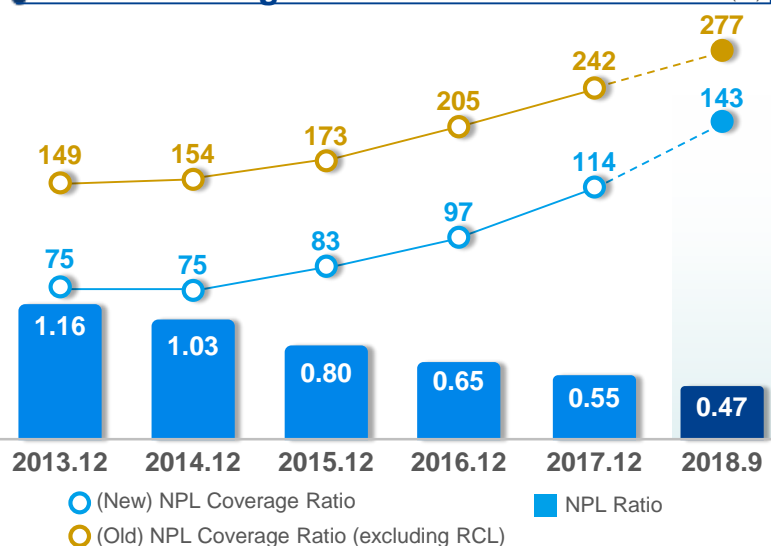
Note 1) Sum of Shinhan Bank, Jeju Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan Capital and Shinhan Savings Bank

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)



Note) 1 month overdue

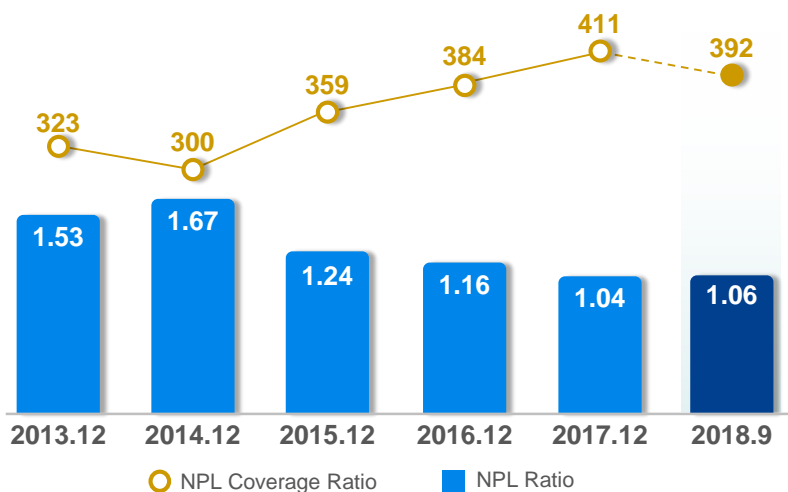
| (KRW bil.)                                     | 2018.9         | 2017.12 | YTD%    | 2018.6         | QoQ%    |
|--|----------------|---------|---------|----------------|---------|
| <b>Total Loans</b>                             | <b>232,000</b> | 219,230 | 5.8     | <b>227,633</b> | 1.9     |
| <b>Normal</b>                                  | <b>229,710</b> | 216,941 | 5.9     | <b>225,223</b> | 2.0     |
| <b>Precautionary</b>                           | <b>1,189</b>   | 1,084   | 9.8     | <b>1,245</b>   | -4.5    |
| <b>Substandard</b>                             | <b>456</b>     | 462     | -1.3    | <b>461</b>     | -1.1    |
| <b>Doubtful</b>                                | <b>321</b>     | 363     | -11.6   | <b>333</b>     | -3.6    |
| <b>Estimated Loss</b>                          | <b>324</b>     | 381     | -14.9   | <b>372</b>     | -12.9   |
| <b>Substandard &amp; Below</b>                 | <b>1,101</b>   | 1,206   | -8.7    | <b>1,165</b>   | -5.6    |
| <b>NPL Ratio</b>                               | <b>0.47%</b>   | 0.55%   | -0.08%p | <b>0.51%</b>   | -0.04%p |
| <b>Loan Loss Allowance <sup>1)</sup></b>       | <b>3,053</b>   | 2,914   | 4.8     | <b>3,096</b>   | -1.4    |
| <b>Reserve for credit losses <sup>2)</sup></b> | <b>1,482</b>   | 1,539   | -3.7    | <b>1,448</b>   | 2.4     |
| <b>(New) NPL Coverage Ratio <sup>3)</sup></b>  | <b>143%</b>    | 114%    | 29%p    | <b>141%</b>    | 2%p     |
| <b>(Old) NPL Coverage Ratio</b>                | <b>277%</b>    | 242%    | 36%p    | <b>266%</b>    | 11%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)

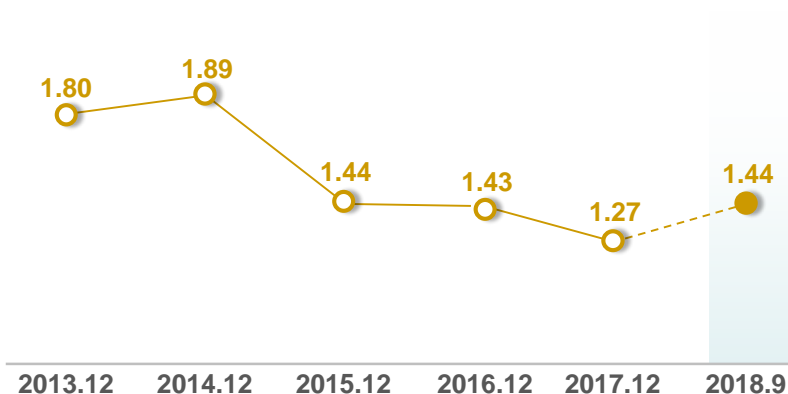


# Shinhan Card Asset Quality

## NPL Ratio & NPL Coverage Ratio (%)



## Delinquency Ratio (%)



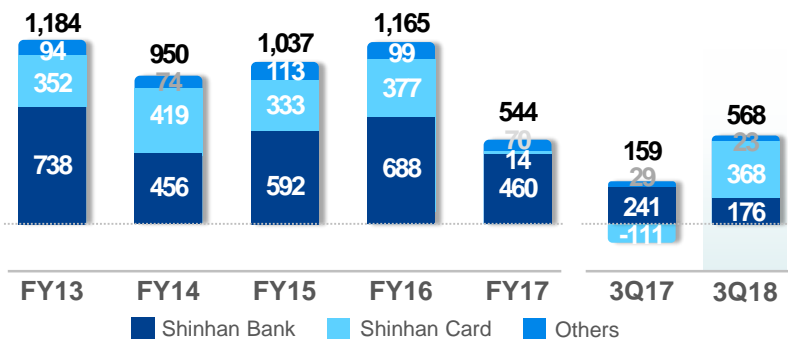
Note) 1 month overdue from total credit

| (KRW bil.)                               | 2018.9        | 2017.12 | YTD%   | 2018.6 | QoQ%    |
|--|---------------|---------|--------|--------|---------|
| <b>Total Loans</b>                       | <b>27,885</b> | 25,250  | 10.4   | 26,587 | 4.9     |
| <b>Normal</b>                            | <b>26,785</b> | 24,067  | 11.3   | 25,555 | 4.8     |
| <b>Precautionary</b>                     | <b>805</b>    | 919     | -12.4  | 739    | 8.9     |
| <b>Substandard</b>                       | -             | -       | -      | -      | -       |
| <b>Doubtful</b>                          | <b>131</b>    | 122     | 7.1    | 132    | -1.1    |
| <b>Estimated Loss</b>                    | <b>163</b>    | 141     | 15.5   | 160    | 2.0     |
| <b>Substandard &amp; Below</b>           | <b>294</b>    | 264     | 11.6   | 293    | 0.6     |
| <b>NPL Ratio</b>                         | <b>1.06%</b>  | 1.04%   | 0.02%p | 1.10%  | -0.04%p |
| <b>Loan Loss Allowance <sup>1)</sup></b> | <b>1,155</b>  | 1,083   | 6.6    | 1,118  | 3.3     |
| <b>Reserve for credit losses</b>         | <b>280</b>    | 431     | -35.1  | 282    | -0.6    |
| <b>NPL Coverage Ratio</b>                | <b>392%</b>   | 411%    | -19%p  | 382%   | 10%p    |

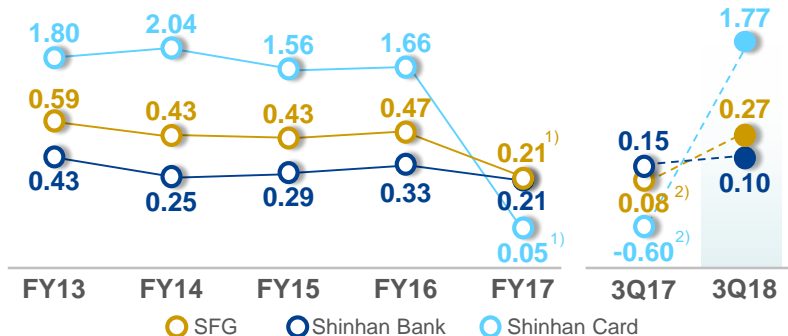
Note 1) Sum of IFRS standard LLA and reserves for credit losses (Excluding reserve for unused credit lines)

# Provision for Credit Losses / Write-Offs

## Provision for Credit Losses (KRW bil.)

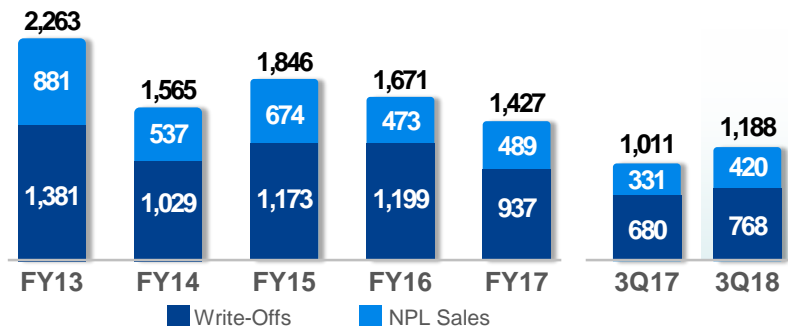


## Credit Cost Ratio (%)



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 0.27%, SHC 1.35%

## Write-Offs & NPL Sales (KRW bil.)



## Provision for Credit Losses

| (KRW bil.)                 | FY18 | 1Q18 | 2Q18 | 3Q18 | FY17 | 1Q17 | 2Q17 | 3Q17 | 4Q17 |
|----------------------------|------|------|------|------|------|------|------|------|------|
| Shinhan Bank <sup>1)</sup> | 152  | 86   | 37   | 28   | 445  | 59   | 74   | 123  | 190  |
| Retail                     | 145  | 49   | 32   | 64   | 168  | 30   | 44   | 45   | 49   |
| Corporate                  | 6    | 38   | 5    | -37  | 277  | 28   | 30   | 78   | 141  |
| Shinhan Card               | 368  | 91   | 121  | 157  | 14   | -264 | 93   | 61   | 125  |
| Total                      | 520  | 177  | 158  | 184  | 459  | -206 | 166  | 183  | 315  |

Note 1) SHB figures are separate basis

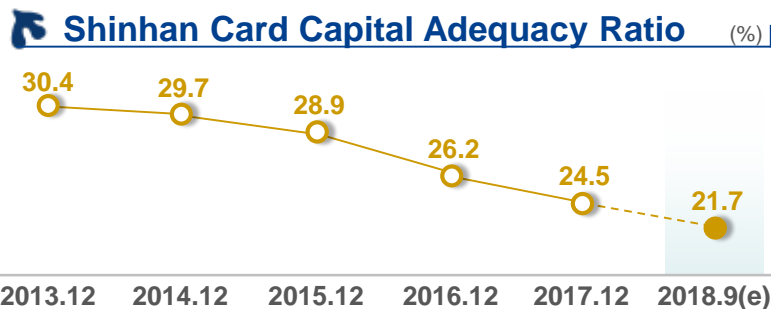
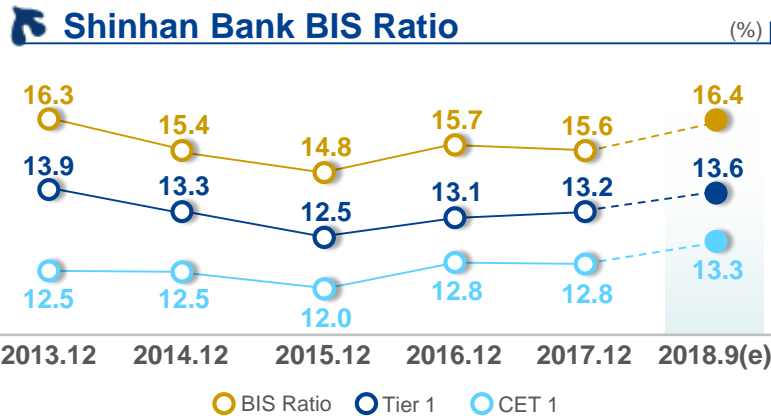
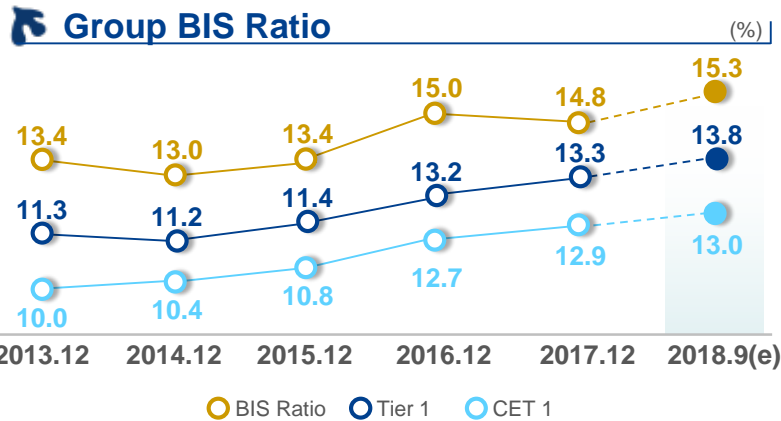
## Write-Offs & NPL Sales

| (KRW bil.)   | FY18  | 1Q18 | 2Q18 | 3Q18 | FY17  | 1Q17 | 2Q17 | 3Q17 | 4Q17 |
|--------------|-------|------|------|------|-------|------|------|------|------|
| Shinhan Bank | 775   | 149  | 361  | 265  | 878   | 102  | 240  | 269  | 267  |
| Write - Off  | 355   | 69   | 174  | 113  | 388   | 41   | 111  | 128  | 109  |
| Retail       | 162   | 47   | 64   | 51   | 127   | 15   | 51   | 22   | 39   |
| Corporate    | 193   | 22   | 109  | 61   | 261   | 26   | 60   | 106  | 70   |
| Sale         | 420   | 81   | 187  | 152  | 489   | 62   | 129  | 141  | 158  |
| Retail       | 54    | 13   | 20   | 21   | 67    | 8    | 20   | 22   | 18   |
| Corporate    | 367   | 68   | 167  | 132  | 422   | 53   | 109  | 119  | 140  |
| Shinhan Card | 413   | 120  | 145  | 148  | 549   | 124  | 128  | 148  | 149  |
| Total        | 1,188 | 270  | 506  | 413  | 1,427 | 227  | 368  | 416  | 415  |

# . Capital Adequacy & Key Financial Indices

1. Capital Adequacy
2. Key Financial Indices





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.)           | 2018.9(e)    | 2017.12      | YTD%         | 2018.6       | QoQ%         |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Risk-Weighted Assets | 223,497      | 207,769      | 7.6          | 217,751      | 2.6          |
| Capital              | 34,196       | 30,713       | 11.3         | 32,370       | 5.6          |
| CET 1                | 29,072       | 26,757       | 8.7          | 28,390       | 2.4          |
| Tier 1               | 30,928       | 27,673       | 11.8         | 29,288       | 5.6          |
| <b>BIS Ratio</b>     | <b>15.3%</b> | <b>14.8%</b> | <b>0.5%p</b> | <b>14.9%</b> | <b>0.4%p</b> |
| CET 1                | 13.0%        | 12.9%        | 0.1%p        | 13.0%        | 0.0%p        |
| Tier 1               | 13.8%        | 13.3%        | 0.5%p        | 13.5%        | 0.3%p        |

Note) Based on Basel3

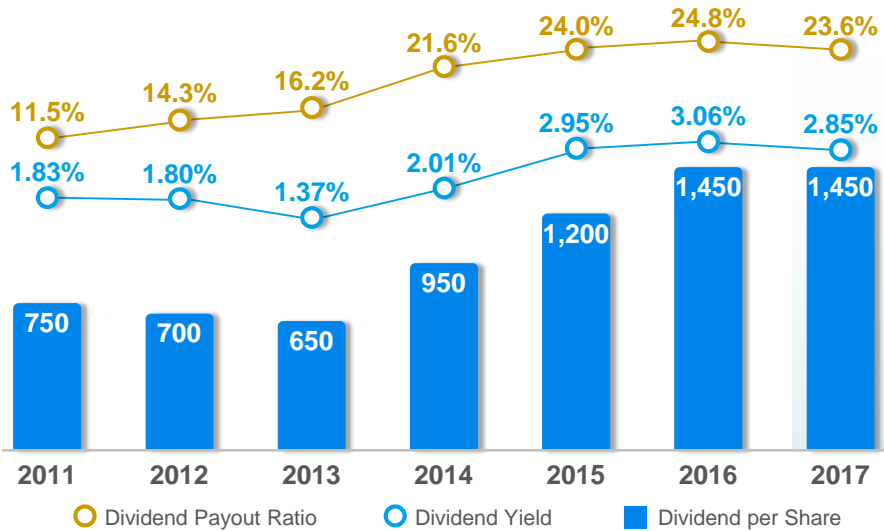
## Shinhan Bank BIS Ratio

| (KRW bil.)           | 2018.9(e)    | 2017.12      | YTD%         | 2018.6       | QoQ%         |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Risk-Weighted Assets | 170,400      | 162,875      | 4.6          | 167,483      | 1.7          |
| Capital              | 27,970       | 25,391       | 10.2         | 27,091       | 3.2          |
| CET 1                | 22,695       | 20,891       | 8.6          | 22,168       | 2.4          |
| Tier 1               | 23,194       | 21,561       | 7.6          | 22,667       | 2.3          |
| <b>BIS Ratio</b>     | <b>16.4%</b> | <b>15.6%</b> | <b>0.8%p</b> | <b>16.2%</b> | <b>0.2%p</b> |
| CET 1                | 13.3%        | 12.8%        | 0.5%p        | 13.2%        | 0.1%p        |
| Tier 1               | 13.6%        | 13.2%        | 0.4%p        | 13.5%        | 0.1%p        |

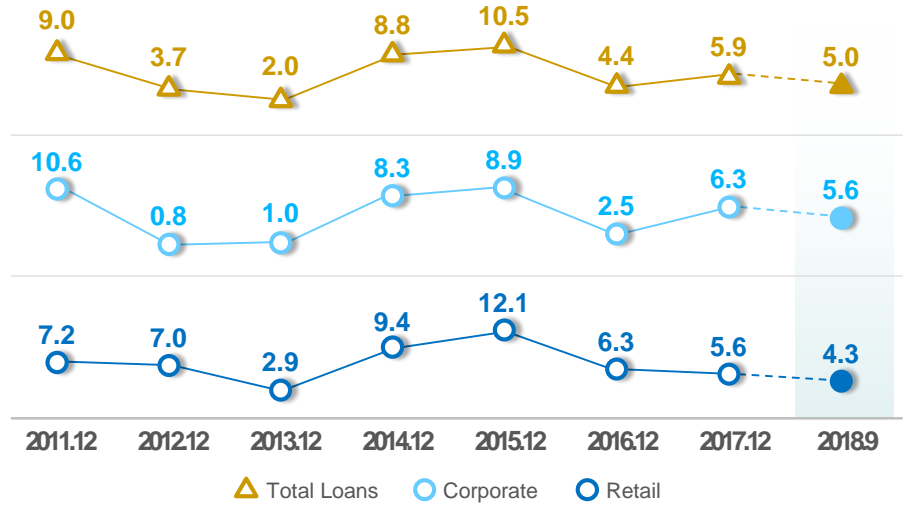
Note) Based on Basel3

# Key Financial Indices

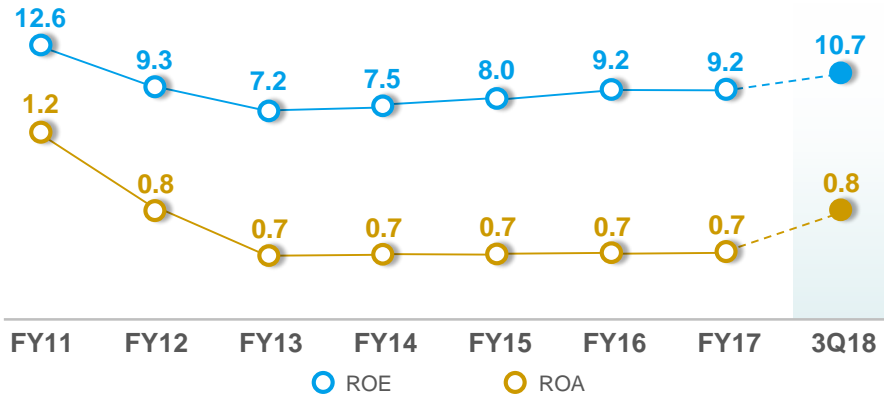
## Dividend (KRW)



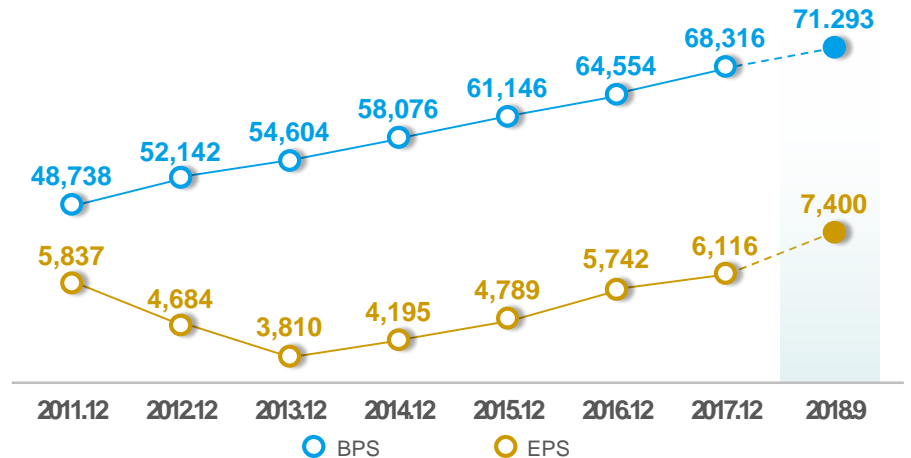
## SHB Loan Growth Rate (%)



## ROA / ROE (%)



## BPS / EPS (KRW)



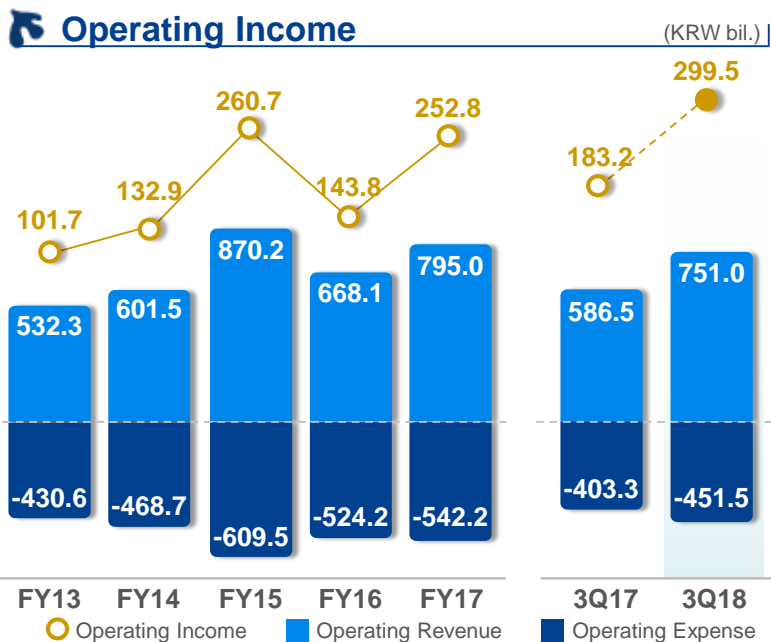
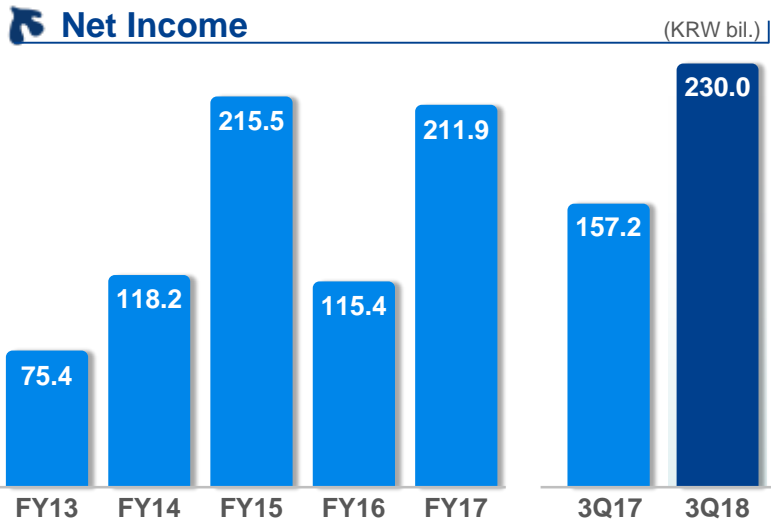
Note 1) Excluding write-backs from Shinhan Card, ROE based on common stock

Note) Based on common stock

# . Appendix

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





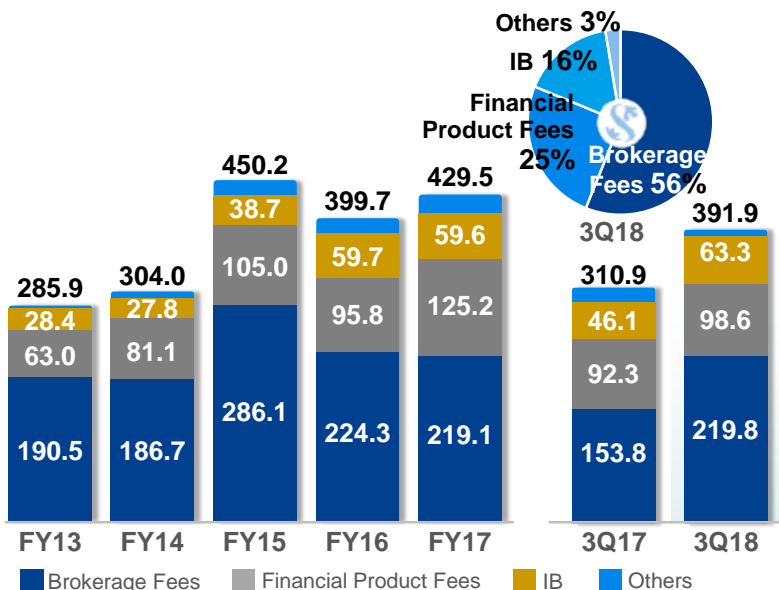
## Condensed I/S & Key Financial Indices

| (KRW bil.)                   | 3Q18 (Acc.)  | 3Q17 (Acc.) | YoY%   | 3Q18  | 2Q18  | QoQ%   |
|------------------------------|--------------|-------------|--------|-------|-------|--------|
| <b>Operating Revenue</b>     | <b>751.0</b> | 586.5       | 28.1   | 202.1 | 280.9 | -28.1  |
| <b>Fees &amp; Commission</b> | <b>391.9</b> | 310.9       | 26.1   | 116.2 | 135.3 | -14.1  |
| <b>Proprietary Trading</b>   | <b>261.1</b> | 171.9       | 51.9   | 50.9  | 115.3 | -55.8  |
| <b>Others</b>                | <b>98.0</b>  | 103.6       | -5.4   | 35.0  | 30.4  | 15.2   |
| <b>Operating Expense</b>     | <b>451.5</b> | 403.3       | 11.9   | 141.1 | 156.5 | -9.8   |
| <b>G&amp;A Expenses</b>      | <b>371.0</b> | 338.8       | 9.5    | 115.0 | 128.7 | -10.7  |
| Commission Expense           | <b>79.8</b>  | 60.8        | 31.1   | 28.0  | 25.7  | 9.0    |
| Provision for Credit Losses  | <b>0.7</b>   | 3.6         | -81.9  | -2.0  | 2.0   | n.a.   |
| <b>Operating Income</b>      | <b>299.5</b> | 183.2       | 63.5   | 61.1  | 124.5 | -50.9  |
| <b>Net Income</b>            | <b>230.0</b> | 157.2       | 46.3   | 47.3  | 85.8  | -44.9  |
| <b>Net Capital Ratio(%)</b>  | <b>609%</b>  | 826%        | -217%p | 609%  | 735%  | -126%p |
| <b>ROE</b>                   | <b>9.4%</b>  | 6.7%        | 2.7%p  | 9.4%  | 11.3% | -1.9%p |
| <b>ROA</b>                   | <b>1.1%</b>  | 0.8%        | 0.3%p  | 1.1%  | 1.3%  | -0.2%p |

Note) ROE, ROA are calculated on a cumulative basis

## Fees & Commission

(KRW bil.)

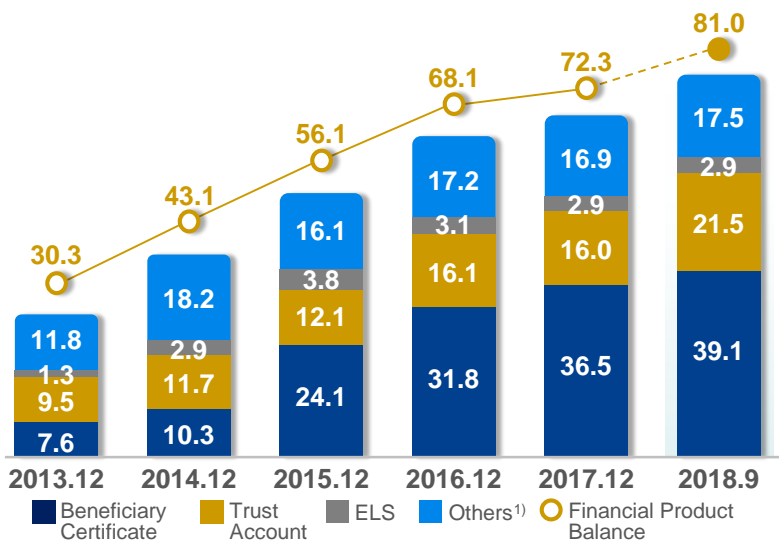


## Fees & Commission

| (KRW bil.)             | 3Q18 (Acc.) | 3Q17 (Acc.) | YoY%  | 3Q18  | 2Q18  | QoQ%  |
|------------------------|-------------|-------------|-------|-------|-------|-------|
| Fees & Commission      | 391.9       | 310.9       | 26.1  | 116.2 | 135.3 | -14.1 |
| Brokerage Fees         | 219.8       | 153.8       | 42.9  | 54.0  | 79.9  | -32.4 |
| Financial Product Fees | 98.6        | 92.3        | 6.8   | 30.7  | 34.5  | -11.0 |
| IB                     | 63.3        | 46.1        | 37.3  | 27.4  | 18.1  | 51.7  |
| Others                 | 10.2        | 18.6        | -45.2 | 4.0   | 2.8   | 43.6  |

## Financial Products

(KRW tril.)



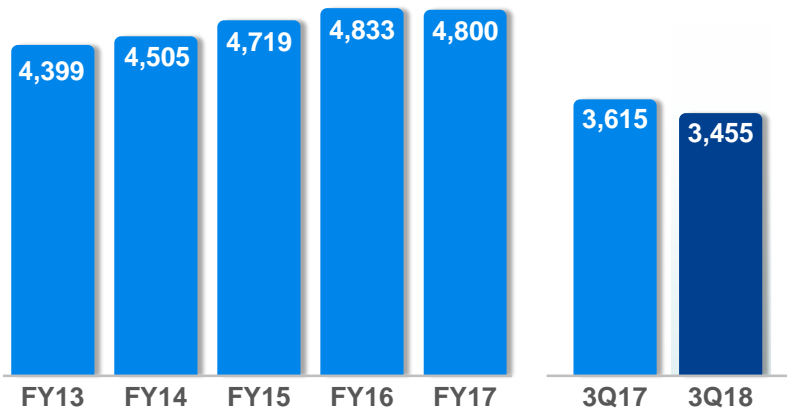
## Balance of Financial Products

| (KRW tril.)             | 2018.9 | 2017.12 | YTD% | 2018.6 | QoQ% |
|-------------------------|--------|---------|------|--------|------|
| Financial Products      | 81.0   | 72.3    | 12.0 | 77.2   | 4.8  |
| Beneficiary Certificate | 39.1   | 36.5    | 7.1  | 39.2   | -0.3 |
| Trust Account           | 21.5   | 16.0    | 34.4 | 17.7   | 21.0 |
| ELS                     | 2.9    | 2.9     | -2.7 | 2.8    | 0.8  |
| Others                  | 17.5   | 16.9    | 3.8  | 17.4   | 0.4  |

Note 1) Sum of Wrap, RP and Micro Debentures



## Premium Income (KRW bil.)



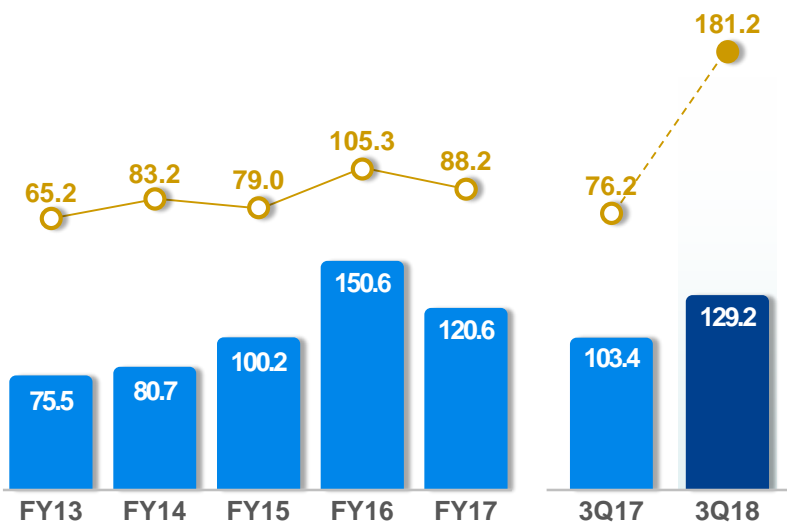
Note) Excluding non-monthly premium and Retirement Pension

## Premium Breakdown

| (KRW bil.)          | 3Q18 (Acc.) | 3Q17 (Acc.) | YoY%  | 3Q18    | 2Q18    | QoQ%  |
|---------------------|-------------|-------------|-------|---------|---------|-------|
| Prem. Received      | 3,465.2     | 3,635.2     | -4.7  | 1,136.2 | 1,145.0 | -0.8  |
| New Premium         | 37.3        | 56.4        | -33.9 | 10.3    | 11.2    | -8.3  |
| Monthly Premium     | 27.3        | 36.6        | -25.5 | 7.7     | 9.3     | -17.6 |
| Non-Monthly Premium | 10.0        | 19.8        | -49.4 | 2.6     | 1.9     | 36.7  |
| Recurring Premium   | 3,428.0     | 3,578.9     | -4.2  | 1,125.9 | 1,133.8 | -0.7  |

Note) Excluding Retirement Pension

## Net Income (KRW bil.)



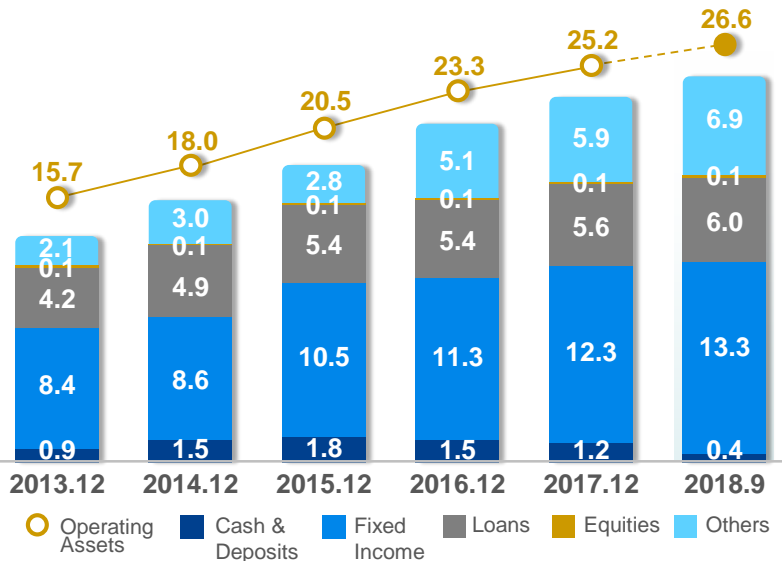
○ Operating Income ■ Net Income

## Profitability & Key Financial Indices

| (KRW bil.)                     | 3Q18 (Acc.) | 3Q17 (Acc.) | YoY%  | 3Q18  | 2Q18 | QoQ%  |
|--------------------------------|-------------|-------------|-------|-------|------|-------|
| Operating Income               | 181.2       | 76.2        | 137.7 | 85.0  | 55.2 | 53.9  |
| Separate Account profit & Loss | 81.3        | 63.4        | 28.2  | 18.6  | 27.4 | -32.2 |
| Net Income                     | 129.2       | 103.4       | 25.0  | 59.1  | 36.2 | 63.4  |
| ROE                            | 10.5%       | 8.0%        | 2.5%p | 10.5% | 8.5% | 2.0%p |
| ROA                            | 0.6%        | 0.5%        | 0.1%p | 0.6%  | 0.5% | 0.1%p |

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

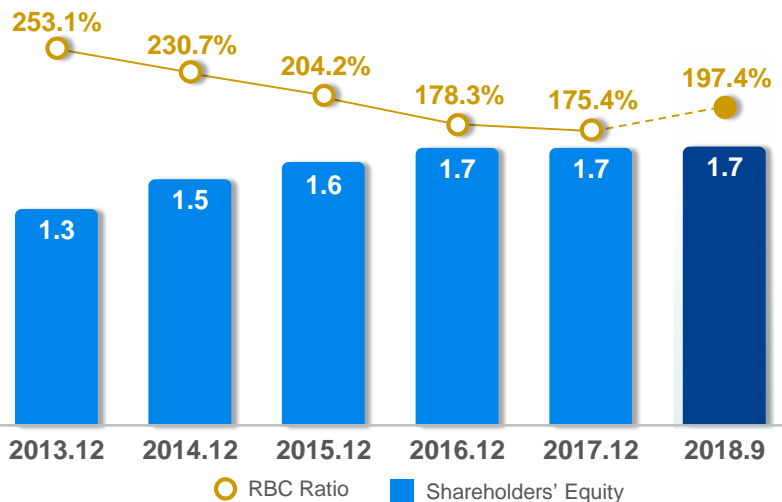
## Operating Assets (KRW tril.)



## Operating Assets

| (KRW bil.)       | 2018.9   | 2017.12  | YTD%  | 2018.6   | QoQ%  |
|------------------|----------|----------|-------|----------|-------|
| Operating Assets | 26,618.4 | 25,156.9 | 5.8   | 26,185.0 | 1.7   |
| Cash & Deposits  | 362.7    | 1,170.6  | -69.0 | 199.6    | 81.7  |
| Fixed Income     | 13,280.8 | 12,344.2 | 7.6   | 12,691.5 | 4.6   |
| Loans            | 5,964.2  | 5,643.3  | 5.7   | 6,022.3  | -1.0  |
| Equities         | 72.2     | 66.0     | 9.5   | 81.5     | -11.4 |
| Others           | 6,938.4  | 5,932.9  | 16.9  | 7,190.1  | -3.5  |

## Equity & Capital Adequacy Ratio (% , KRW tril.)

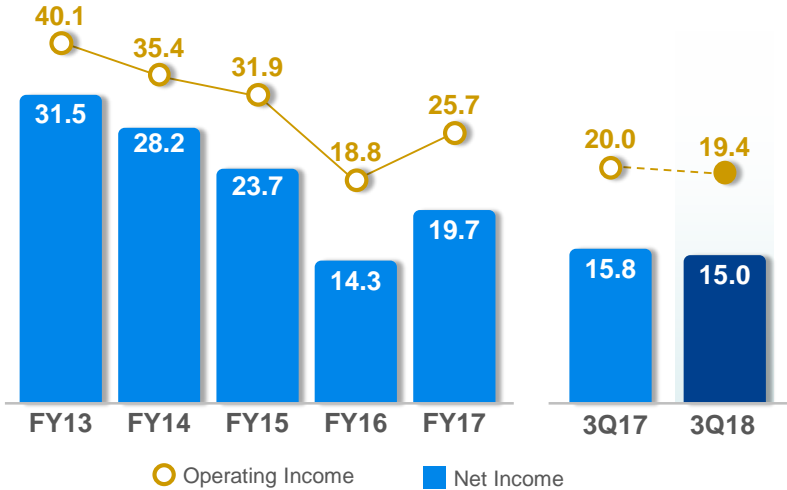


## Equity & Capital Adequacy Ratio

| (KRW bil.)                             | 2018.9  | 2017.12 | YTD%   | 2018.6  | QoQ%   |
|--|---------|---------|--------|---------|--------|
| Shareholders' Equity                   | 1,671.4 | 1,731.9 | -3.5   | 1,621.0 | 3.1    |
| Capital & Retained Earnings            | 1,833.2 | 1,768.0 | 3.7    | 1,774.2 | 3.3    |
| Accumulated Other Comprehensive Income | -161.7  | -36.1   | 347.8  | -153.2  | 5.6    |
| RBC Ratio                              | 197.4%  | 175.4%  | 22.0%p | 199.6%  | -2.2%p |

## Net Income

(KRW bil.)



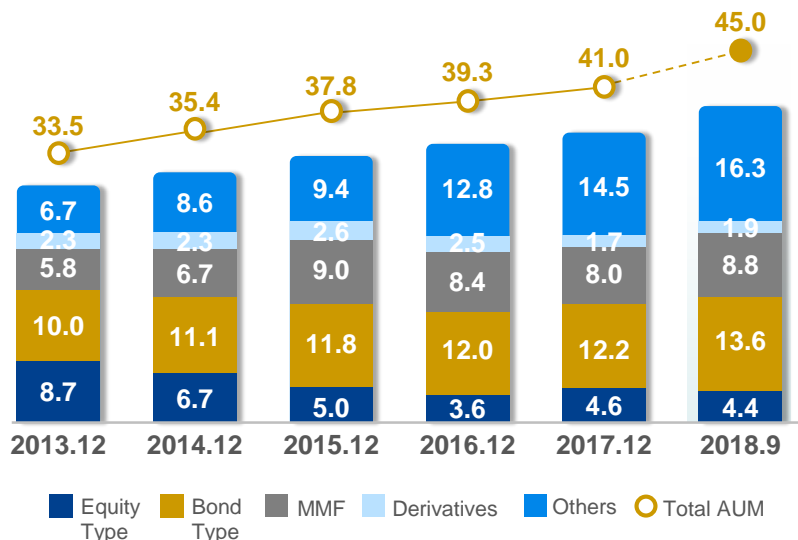
## Condensed I/S & Key Financial Indices

| (KRW bil.)        | 3Q18<br>(Acc.) | 3Q17<br>(Acc.) | YoY%   | 3Q18  | 2Q18  | QoQ%   |
|-------------------|----------------|----------------|--------|-------|-------|--------|
| Operating Revenue | 59.3           | 56.8           | 4.5    | 20.0  | 19.4  | 2.7    |
| Operating Expense | 39.9           | 36.8           | 8.4    | 14.1  | 13.2  | 6.3    |
| (G&A Expenses)    | 33.0           | 30.4           | 8.9    | 11.3  | 11.2  | 0.3    |
| Operating Income  | 19.4           | 20.0           | -2.8   | 5.9   | 6.2   | -4.9   |
| Net Income        | 15.0           | 15.8           | -5.4   | 4.8   | 4.5   | 7.2    |
| ROE               | 13.2%          | 14.4%          | -1.2%p | 13.2% | 13.5% | -0.3%p |

Note) ROE is calculated on a cumulative basis

## Assets Under Management

(KRW tril.)



## Assets Under Management

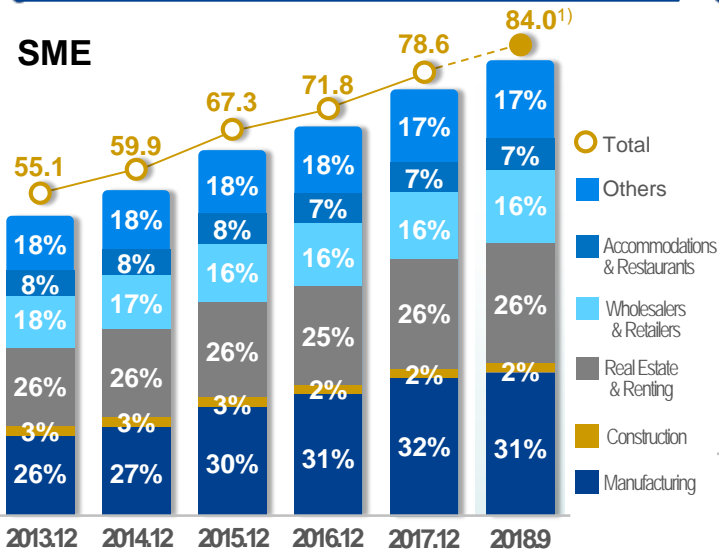
| (KRW tril.) | 2018.9 | 2017.12 | YTD% | 2018.6 | QoQ% |
|-------------|--------|---------|------|--------|------|
| Total AUM   | 45.0   | 41.0    | 9.9  | 42.5   | 5.9  |
| Equity Type | 4.4    | 4.6     | -4.2 | 4.3    | 1.8  |
| Bond Type   | 13.6   | 12.2    | 12.1 | 12.4   | 9.8  |
| MMF         | 8.8    | 8.0     | 9.1  | 8.6    | 1.4  |
| Derivatives | 1.9    | 1.7     | 12.1 | 1.8    | 5.1  |
| Others      | 16.3   | 14.5    | 12.8 | 15.3   | 6.5  |

# SHB SME Loans

## Loans

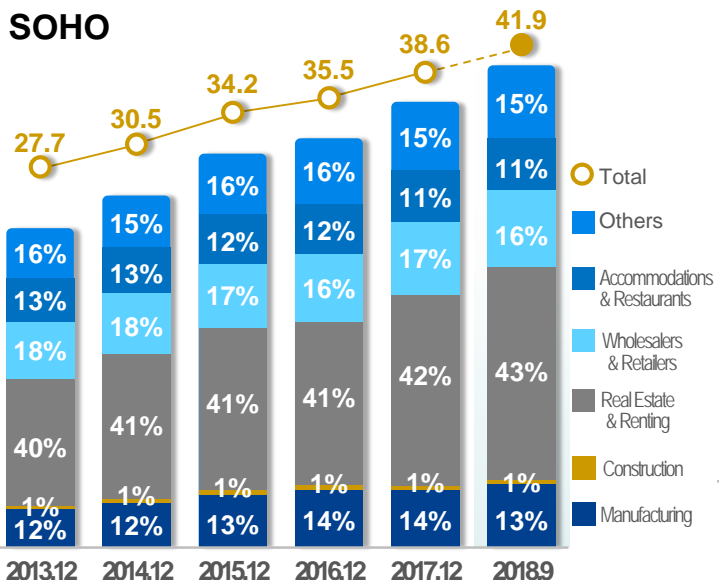
(KRW tril.)

### SME



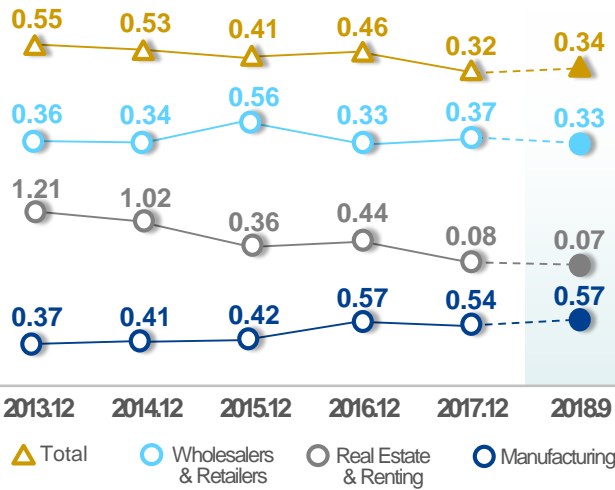
Note 1) SOHO 50%, Registered 20%, Unregistered 30%

### SOHO

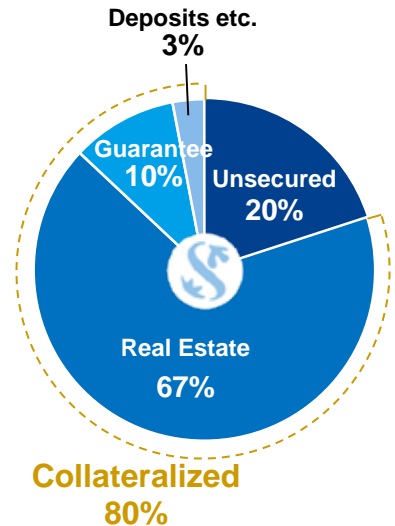
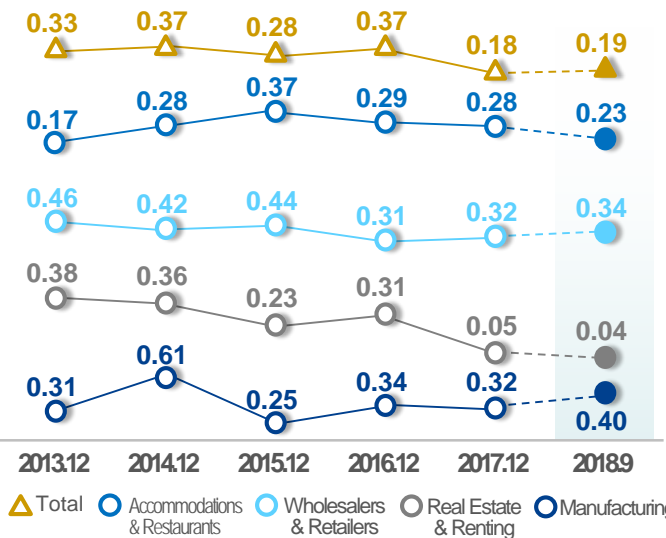
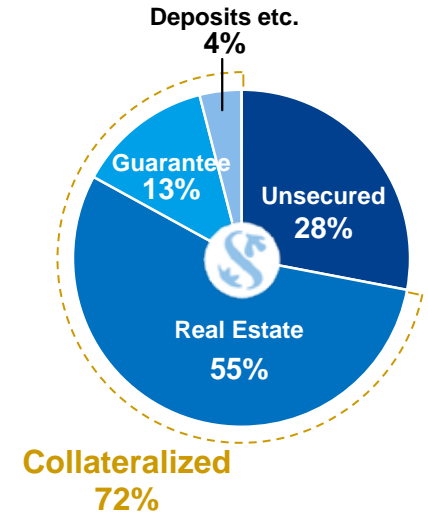


## Delinquency

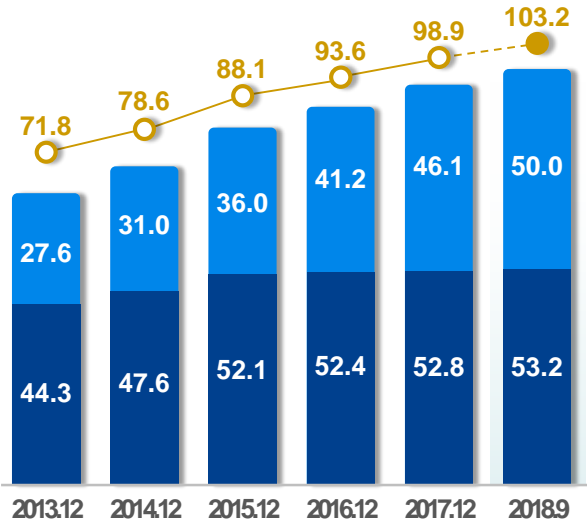
(%)



## Collateral



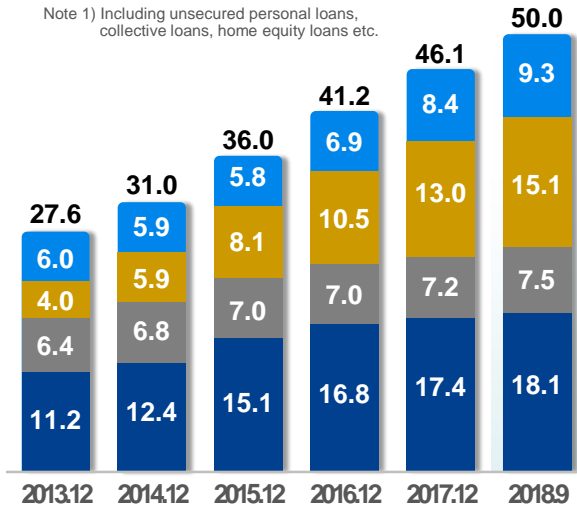
## Loans (KRW tril.)



○ Retail Loans ■ Mortgage ■ Personal Loans

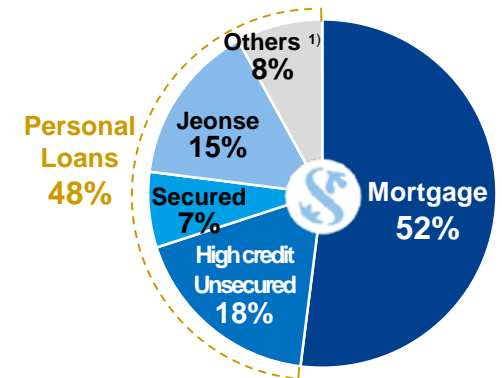
## Retail Personal Loans (KRW tril.)

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



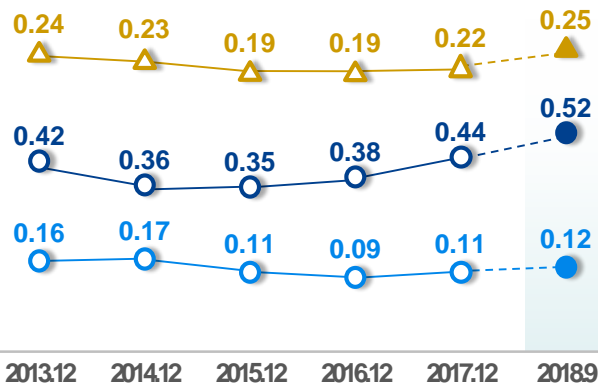
■ High credit Unsecured Personal Loans ■ Secured Loans ■ Jeonse Loans ■ Others 1)

## Loan Composition



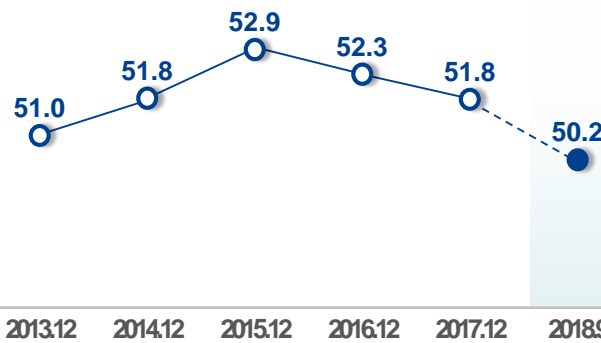
Note 1) Including unsecured personal loans, collective loans, home equity loans etc.

## Delinquency (%)

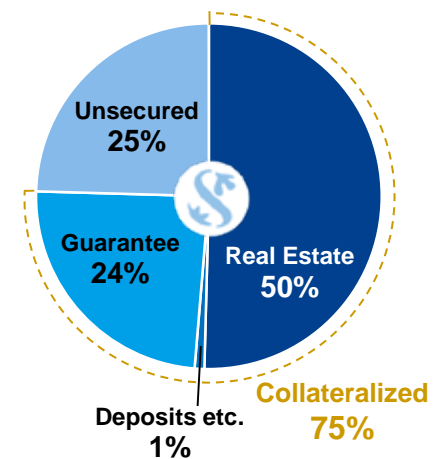


△ Retail Loans ● Personal Loans ● Mortgage

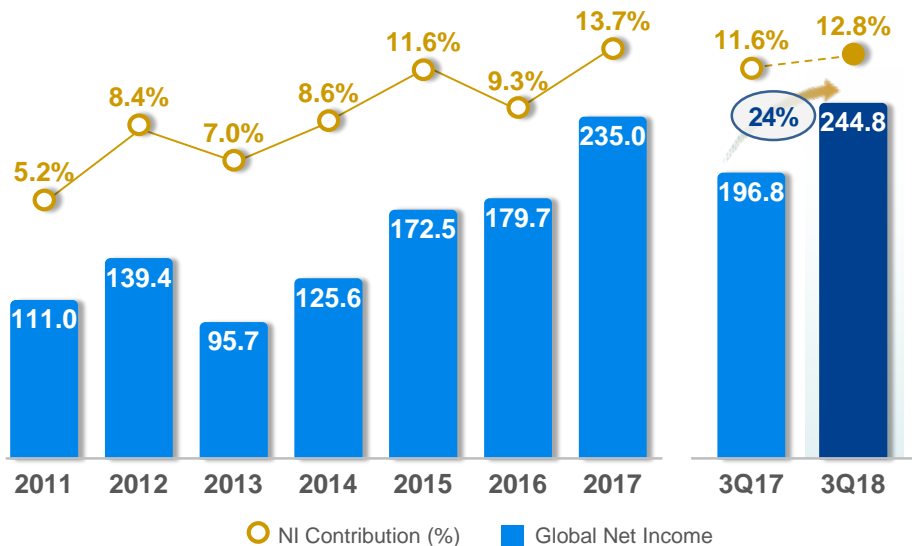
## LTV (%)



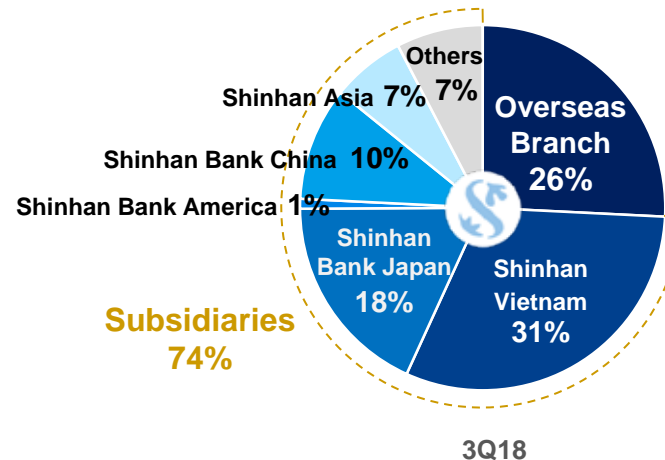
## Collateral



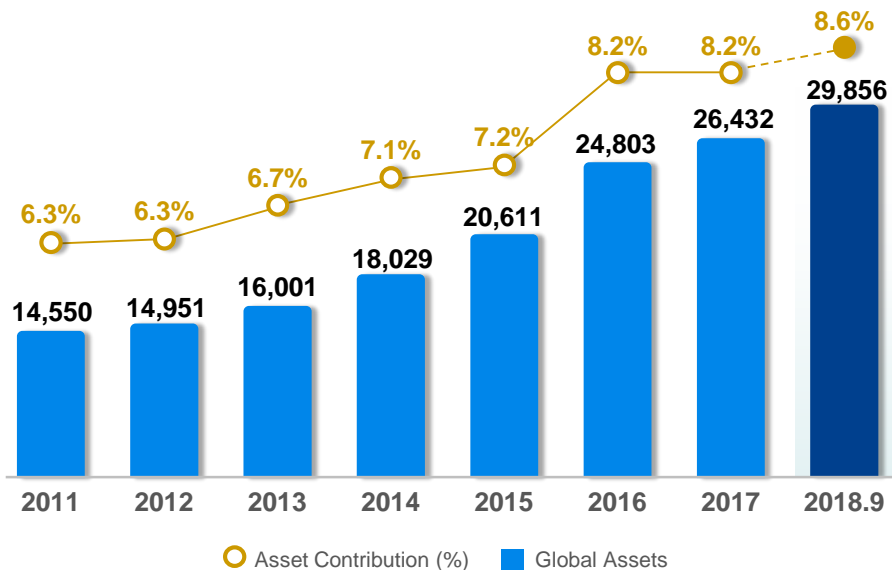
Net Income Contribution by International Business (KRW bil.)



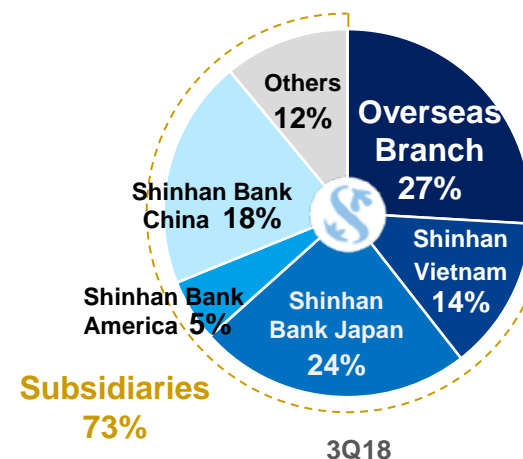
Net Income Composition



Asset Contribution by International Business (KRW bil.)

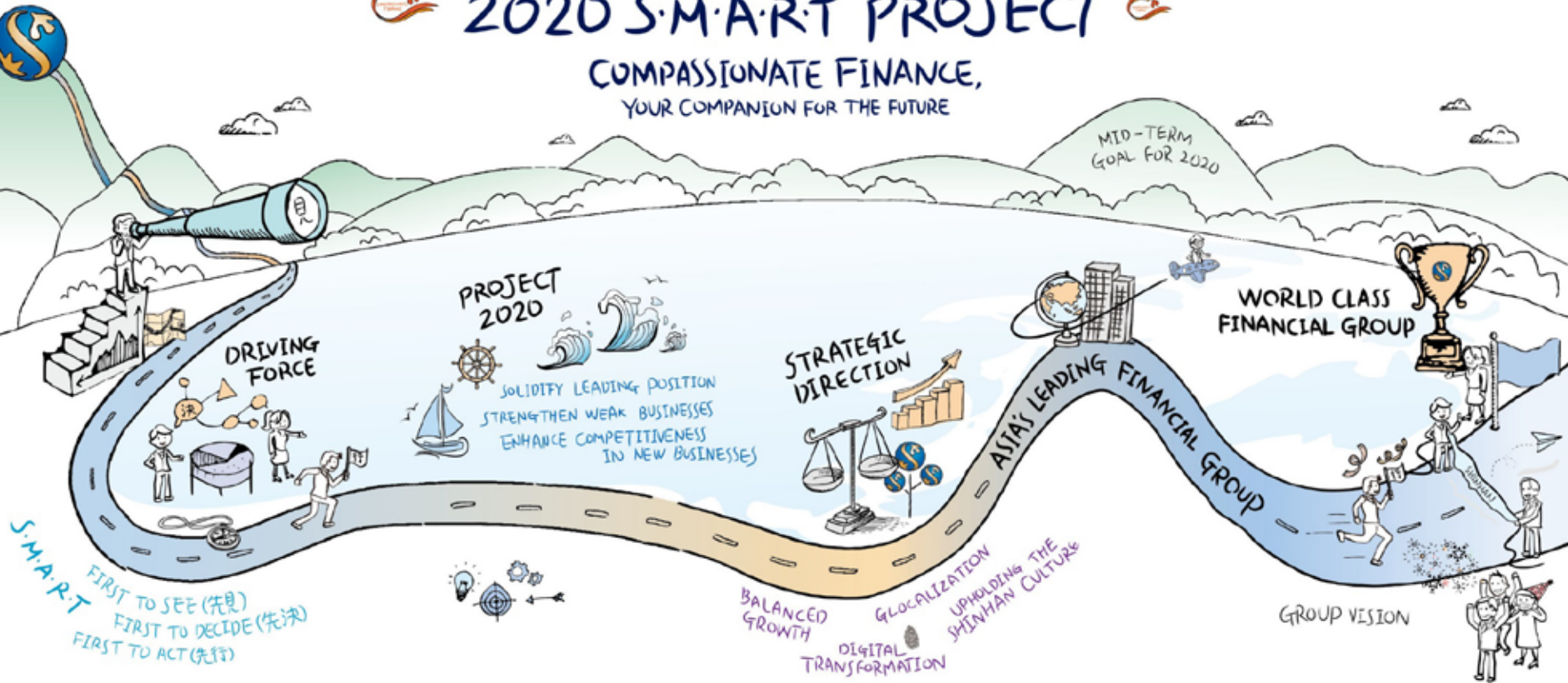


Asset Composition



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