



# 2011 Business Results

February 2012

# Disclaimer Statement

---

The financial information contained herein has not been completely audited by our external auditor. Therefore, no assurance is provided that our financial statements are fully accurate, and thus our final audited statements may differ from the provided figures in this presentation.

For comparison purposes following the adoption of IFRS standards, please note the following facts :

- 1) Financial results for the year 2011 have been derived following IFRS standards, and the 2010 results have been re-derived according to IFRS standards. The main serial financial figures and indices listed herein may be subject to change in the future.
- 2) Financial results up to 2009 followed K-GAAP standards, and there will be no re-derivation of past financial results up to 2009 according to IFRS standards.

This presentation material is available at our website : [www.shinhangroup.com](http://www.shinhangroup.com)

Note) Some of the totals may not sum due to rounding.



# **Contents**

- I . 2011 Business Results Highlights**
- II . Income Statements**
- III . Assets & Liabilities**
- IV . Asset Quality**
- V . Capital Adequacy**
- VI . Appendix**

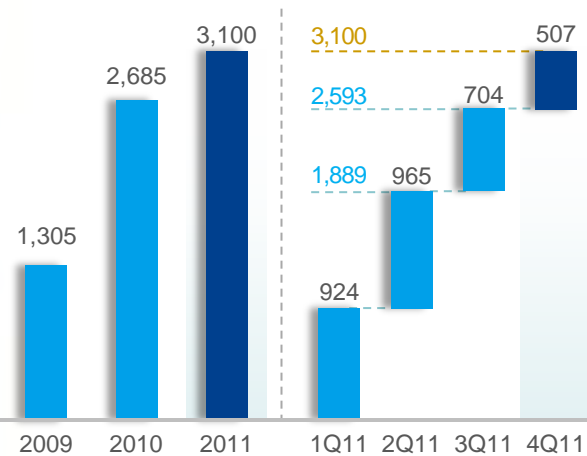




# 2011 Business Results Highlights (1)

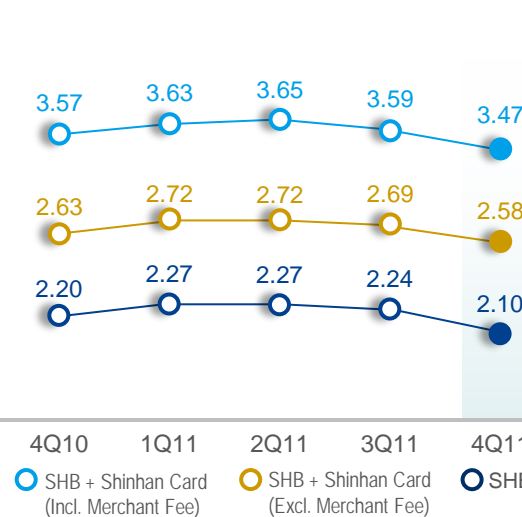
## Group Net Income (KRW bil.)

Note) IFRS Standard



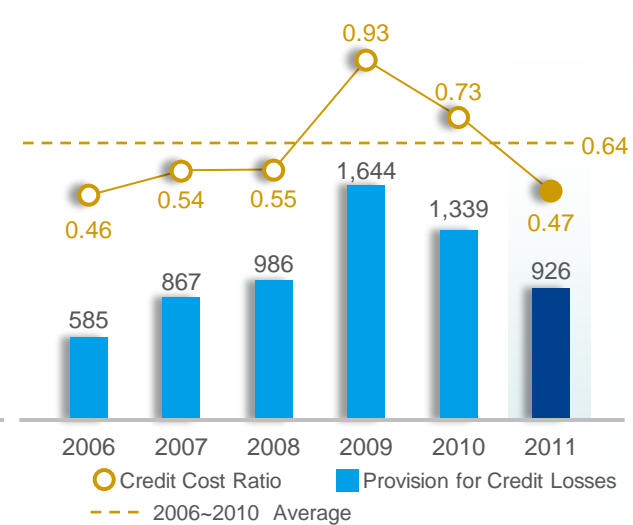
## NIM (%)

Note) Quarterly Figures, IFRS Standard



## Credit Cost Ratio (% , KRW bil.)

Note) Figs. for 2006-2009 K-GAAP, from 2010 IFRS Standard



**FY 2011 Net Income : KRW 3.1 tril.**  
**(4Q11 Net Income : KRW 507 bil.)**

- Group consolidated net income rose 15.5% YoY supported by robust increase of net interest income, 9.4% YoY, and significant decrease in credit cost, 30.9% YoY
- 4Q net income fell by 28.0% QoQ, most of which is accounted for by seasonal one-off expenses items such as salary increase and ERP
- Bank vs Non-bank NI contribution is 62% : 38%

**4Q11 Bank NIM 2.10%,**  
**Group NIM 3.47%**

- SHB's 4Q11 NIM contracted 14 bp QoQ to 2.10%, Group NIM fell by 12 bp to 3.47%
- For the full year of 2011, however, SHB's NIM climbed 4 bp to 2.22% from 2.18% of 2010
- Group's 4Q11 NIM based on IFRS, which excludes card merchant fee from interest income, dropped 11 bp QoQ to 2.58%

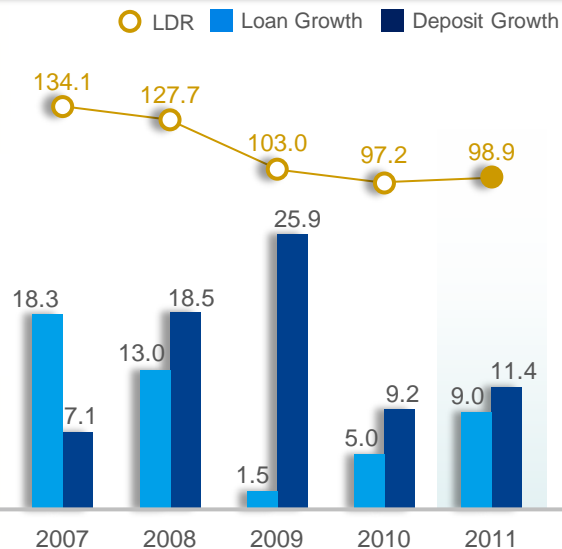
**FY 2011 Credit Cost 0.47%**  
**(26bp improvement YoY)**

- Well maintained asset quality led to a significant improvement in credit cost, down by 26bp YoY posting 0.47% for 2011
- 4Q11 credit cost reached 0.51%, up by 8bp QoQ
- SHB's QoQ increase in provisions was limited to KRW 10.9 bil. even after reflecting stricter regulatory guidelines for provisioning
- Shinhan Card's provisions rose KRW 33.6 bil. QoQ

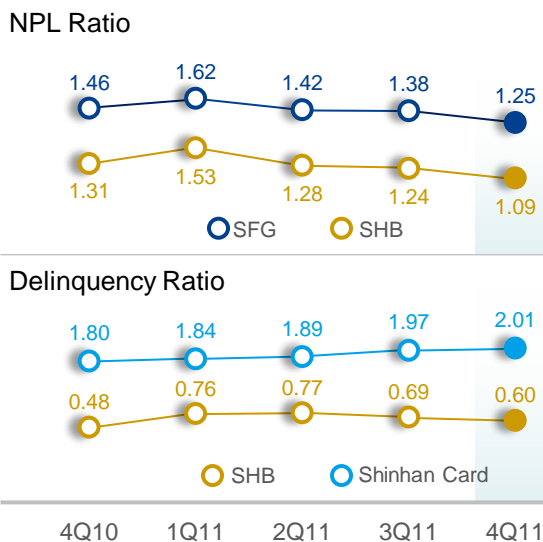


# 2011 Business Results Highlights (2)

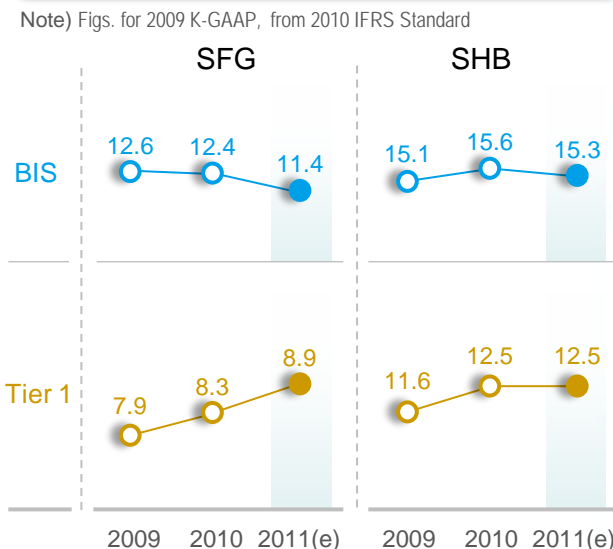
## Loans & Deposits (%)



## NPL / Delinquency Ratio (%)



## Capital Adequacy (%)



**SHB loan increased by 9.0% in 2011**  
**LDR stable at 98.9%**

- KRW loan balance as of end of 2011 climbed 9.0% YTD to reach KRW 139 tril., while deposits increased 11.4% to KRW 141 tril.
- 2011 year end LDR stood at 98.9%, continuing to remain under the 100% level
- Household loans posted a modest growth of 7.2% YTD, whereas corporate loans showed a relatively stronger growth of 10.6% YTD

**Group NPL Ratio : 1.25%**  
**SHB Delinquency Ratio : 0.60%**

- Continuing improvement in SHB asset quality lightened overall Group NPL, resulting Group NPL ratio to improve by 21 bp YoY and 13 bp QoQ
- SHB's delinquency ratio fell by 9bp QoQ to 0.60% as of end of 2011, Shinhan Card's delinquency ratio for 2011 inched up 4 bp QoQ to 2.01%
- During 4Q, the total amount of NPL write-offs/sales were KRW 594 bil., bringing the full year to KRW 1,950 bil. (FY 2010 : 1,803 bil)

**2011 Group Tier1 Ratio : 8.9%**  
**SHB Tier1 Ratio : 12.5%**

- Group's Tier1 marked 8.9%, up by 0.6%p YTD, reinforced by growing earnings
- Group's BIS ratio fell 1.0%p YTD, reflecting the redemption of preferred shares of KRW 3.75 tril., however, the redemption does not affect the Tier1 ratio of the Group
- SHB's Tier1 and BIS ratio marked 12.5% and 15.3% each, remaining at the similar level of 2010

## **II. Income Statements**

---

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

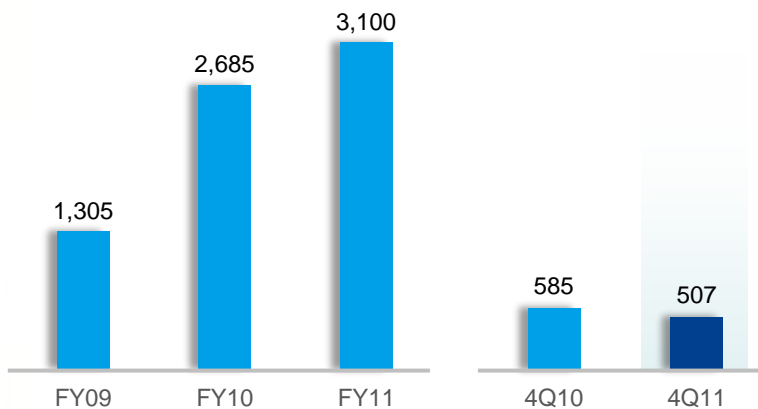




# SFG Income

## Net Income

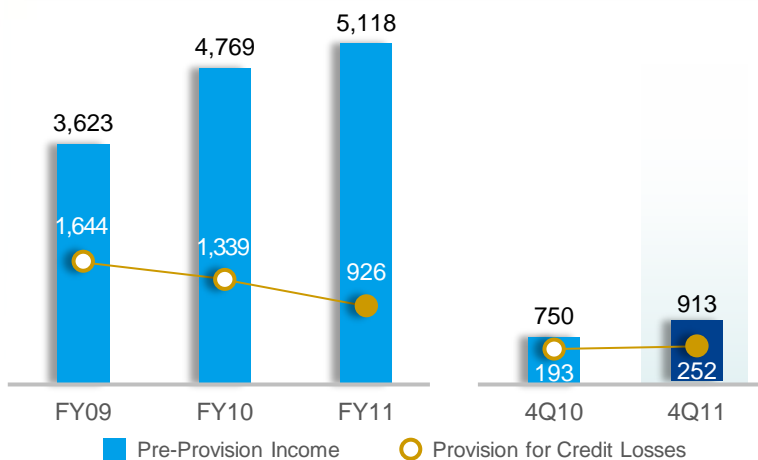
(KRW bil.)



Note) Figs. for 2009 K-GAAP, from 2010 IFRS Standard

## Pre-Provision Income & PCL

(KRW bil.)



Note) Figs. for 2009 K-GAAP, from 2010 IFRS Standard

(KRW bil.)	FY11	FY10	YoY%	4Q11	3Q11	QoQ%
Total Operating Income (a=b+c)	9,195.8	8,601.0	6.9	2,222.2	2,078.5	6.9
Interest Income (b)	7,080.0	6,472.6	9.4	1,783.9	1,802.2	-1.0
Non-Interest Income (c)	2,115.9	2,128.4	-0.6	438.3	276.4	58.6
G&A Expenses (d)	4,135.4	3,847.7	7.5	1,334.4	900.5	48.2
Pre-Provision Oper. Income (e=a-d)	5,060.5	4,753.3	6.5	887.8	1,178.0	-24.6
Other <sup>1)</sup> (f)	57.8	15.3	277.2	24.9	11.2	123.3
Pre-Provision Income (g=e+f)	5,118.3	4,768.6	7.3	912.7	1,189.2	-23.2
Provision for Credit Losses (h)	925.7	1,338.8	-30.9	252.2	208.6	20.9
Earnings before Income Tax (i=g-h)	4,192.6	3,429.8	22.2	660.5	980.6	-32.6
Income Tax	919.9	570.4	61.3	109.7	233.1	-53.0
Consolidated Net Income <sup>2)</sup>	3,100.0	2,684.6	15.5	506.7	704.2	-28.0

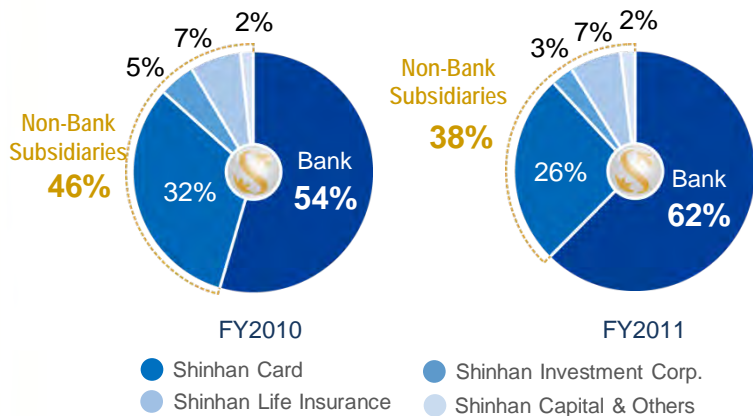
Note) 1) Gains on investment stock using equity method

2) IFRS Standard, Net Income in Controlling Interest



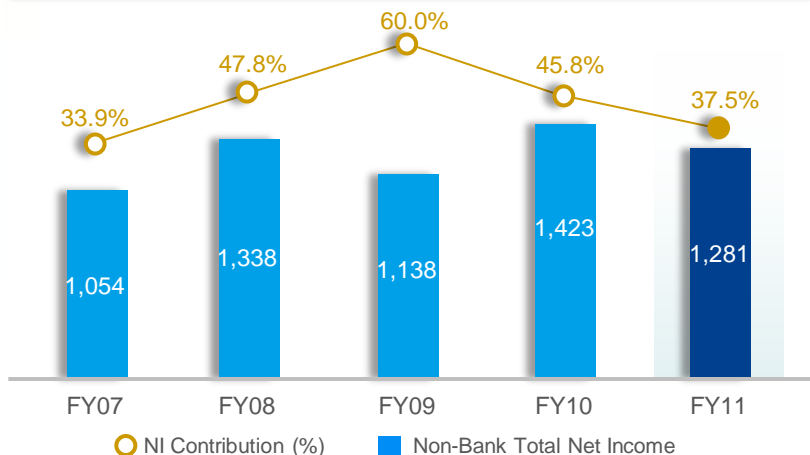
# Subsidiaries Income (1)

## Net Income Contribution by Subsidiaries



Note) IFRS Standard

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



Note) After reflecting ownership by SFG, NI for 2007-2009 K-GAAP, from 2010 IFRS Standard

(KRW bil.)	Net Income [A]	Ownership [B]	Net Income (A x Ownership) [C=A x B]	Adjustment [D]	Net Income (Consolidated) [E=C+D]
Bank (a)	2,140.8		2,133.9	-143.1	1,990.8
Shinhan Bank	2,118.4	100.0%	2,118.4	-142.9	1,975.5
Jeju Bank	22.4	68.9%	15.4	-0.2	15.2
Non-Bank (b)	1,293.3		1,281.1	5.2	1,286.3
Shinhan Card	875.9	100.0%	875.9	1.5	877.4
Shinhan Investment Corp.	101.7	100.0%	101.7	-0.9	100.9
Shinhan Life Insurance	236.9	100.0%	236.9	3.4	240.3
Shinhan Capital	51.1	100.0%	51.1	3.4	54.5
Shinhan BNPP AM	35.0	65.0%	22.8		22.8
Shinhan Data System	1.1	100.0%	1.1	-2.3	-1.2
Shinhan Credit Information	-0.7	100.0%	-0.7	0.0	-0.7
Shinhan PE	-7.6	100.0%	-7.6		-7.6
Other	-0.1	100.0%	-0.1		-0.1
SFG (c)				-177.1 <sup>2)</sup>	-177.1
Total (d=a+b+c) <sup>1)</sup>	3,434.2		3,414.9	-314.9	3,100.0

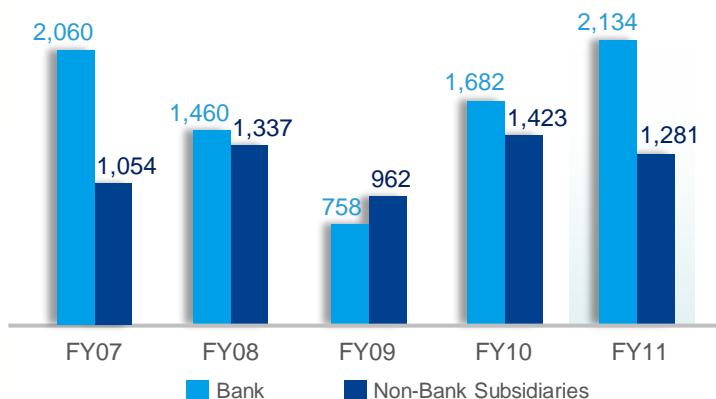
Note) 1) IFRS Standard, Net Income in Controlling Interest

2) SFG (Separate): Brand Fee KRW 121.2 bil., Interest Expense KRW -218.7 bil., G&A etc. KRW -72.0 bil.



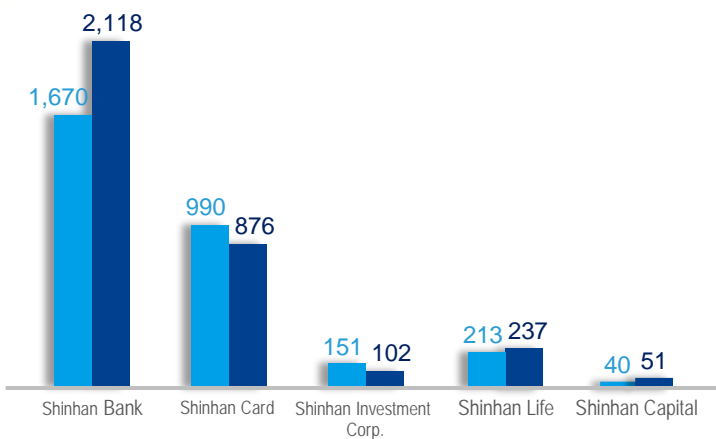
# Subsidiaries Income (2)

## Bank / Non-Bank Net Income (KRW bil.)



Note) Figs. for 2007~2009 K-GAAP, from 2010 IFRS Standard

## Net Income by Subsidiaries (KRW bil.)



Note) IFRS Standard

(Reflecting SFG Ownership, KRW bil.)	FY11	FY10	YoY%	4Q11	3Q11	QoQ%
<b>Bank (a)</b>	<b>2,133.9</b>	1,682.1	26.9	233.1	463.1	-49.7
Shinhan Bank	2,118.4	1,670.0	26.8	227.8	458.0	-50.3
Jeju Bank	15.4	12.0	28.6	5.3	5.1	3.9
<b>Non-Bank (b)</b>	<b>1,281.1</b>	1,423.1	-10.0	330.0	312.9	5.5
Shinhan Card	875.9	990.4	-11.6	235.3	198.5	18.5
Shinhan Investment Corp.	101.7	150.7	-32.5	26.3	22.1	18.7
Shinhan Life Insurance	236.9	213.4	11.0	57.9	67.8	-14.6
Shinhan Capital	51.1	40.1	27.4	14.7	18.3	-19.7
Shinhan BNPP AM	22.8	25.8	-11.8	4.6	5.6	-17.9
Shinhan Data System	1.1	0.6	72.6	0.5	-0.1	n.a
Shinhan Credit Information	-0.7	1.0	n.a	-1.1	-0.2	n.a
Shinhan PE	-7.6	1.3	n.a	-7.8	-0.1	n.a
Other	-0.1	-0.3	n.a	-0.2	0.9	n.a
<b>Total (a+b)</b>	<b>3,414.9</b>	3,105.1	10.0	563.1	775.9	-27.4
<b>Consolidated Net Income</b> <sup>Note)</sup>	<b>3,100.0</b>	2,684.6	15.5	506.7	704.2	-28.0

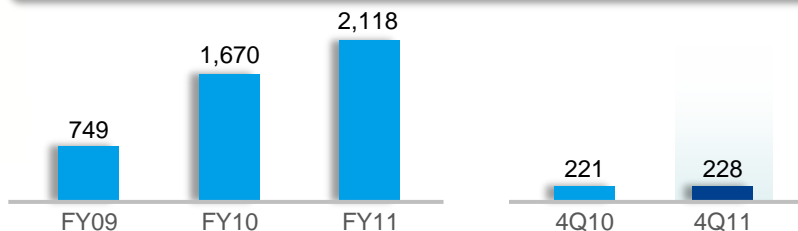
Note) IFRS Standard, Net Income in Controlling Interest



# SHB Income / NIM

## Net Income

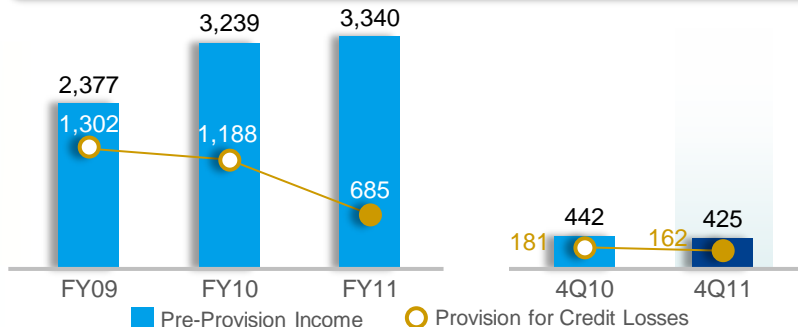
(KRW bil.)



Note) Figs. for 2009 K-GAAP, from 2010 IFRS Standard

## Pre-Provision Income & PCL

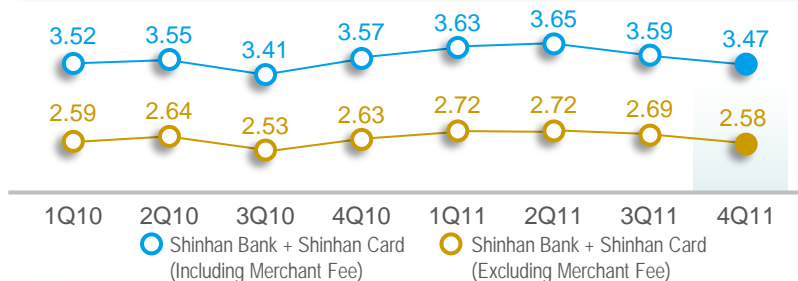
(KRW bil.)



Note) Figs. for 2009 K-GAAP, from 2010 IFRS Standard

## Group NIM

(%)



Note) IFRS Standard, Quarterly basis

(KRW bil.)	FY11	FY10	YoY%	4Q11	3Q11	QoQ%
Total Operating Income (a=b+c)	6,130.8	5,751.7	6.6	1,397.1	1,326.4	5.3
Interest Income (b)	4,971.1	4,590.0	8.3	1,234.9	1,276.9	-3.3
Non-Interest Income (c)	1,159.7	1,161.7	-0.2	162.3	49.6	227.4
G&A Expenses (d)	2,819.9	2,525.6	11.7	975.0	593.1	64.4
Pre-Provision Oper.Income (e=a-d)	3,310.9	3,226.1	2.6	422.1	733.3	-42.4
Other <sup>1)</sup> (f)	29.0	12.5	131.8	2.5	10.3	-75.6
Pre-Provision Income (g=e+f)	3,339.9	3,238.6	3.1	424.7	743.6	-42.9
Provision for Credit Losses (h)	685.0	1,188.2	-42.3	162.3	151.4	7.2
Earnings before Income Tax (i=g-h)	2,654.9	2,050.4	29.5	262.4	592.2	-55.7
Net Income <sup>2)</sup>	2,118.4	1,670.0	26.8	227.8	458.0	-50.3

Note) 1) Gains on investment stock using equity method  
2) IFRS Standard, Net Income in Controlling Interest

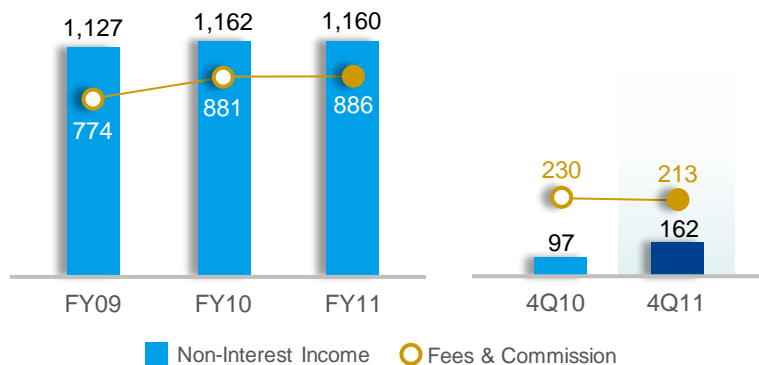
(%)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
NIS (a-b) (cumulative figures)	2.43	2.39	2.33	2.34	2.45	2.46	2.46	2.41
Loan interest rate (a)	5.62	5.54	5.45	5.41	5.40	5.49	5.54	5.54
Deposit interest rate (b)	3.19	3.15	3.11	3.07	2.96	3.03	3.08	3.13
NIM(quarterly)	2.22	2.21	2.10	2.20	2.27	2.27	2.24	2.10
NIM(cumulative figures)	2.22	2.21	2.18	2.18	2.27	2.27	2.26	2.22

Note) IFRS Standard



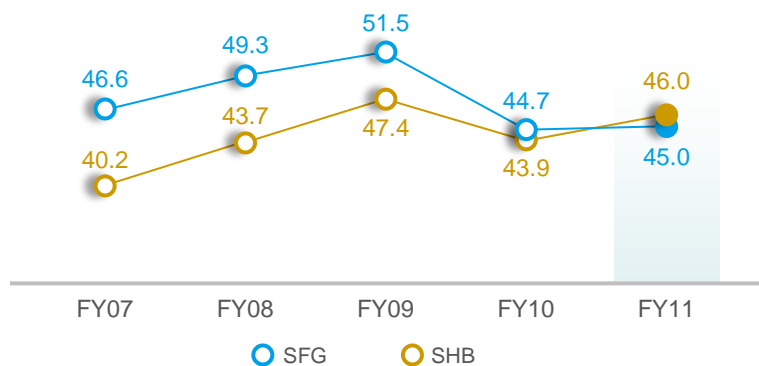
# SHB Non-Interest Income / G&A Expenses

## Fees and Commission (KRW bil.)



Note) Figs. for 2009 K-GAAP, from 2010 IFRS Standard

## Cost-Income Ratio (%)



Note) Figs. for 2007-2009 K-GAAP, from 2010 IFRS Standard

(KRW bil.)	FY11	FY10	YoY%	4Q11	3Q11	QoQ%
Non-Interest Income	1,159.7	1,161.7	-0.2	162.3	49.6	227.4
Fees & Commission	885.6	881.1	0.5	212.8	206.9	2.9
(Fund)	166.1	188.3	-11.8	30.4	38.0	-20.1
(Bancassurance)	95.7	94.7	1.1	27.0	21.4	25.7
(Trust Fees)	62.2	58.0	7.4	19.1	13.9	37.9
Securities Related	614.9	633.1	-2.9	68.6	-14.0	n.a
FX Trading/Derivatives	219.4	195.4	12.2	56.2	3.7	1,410.4
Others	-560.2	-547.9	n.a	-175.4	-147.1	n.a

Note) IFRS Standard

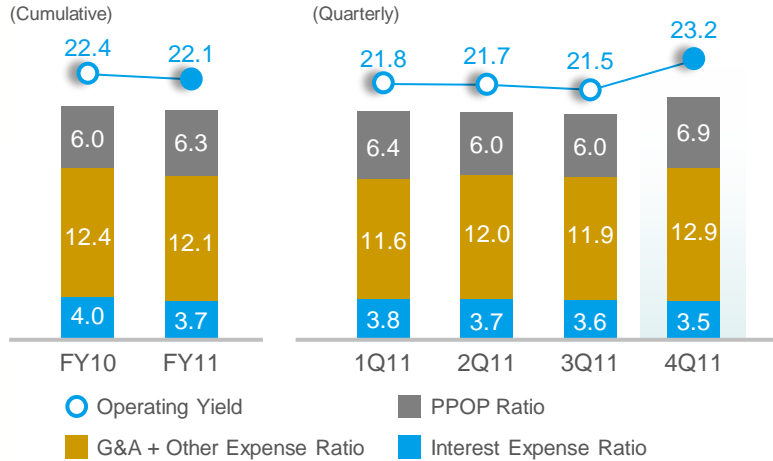
(KRW bil.)	FY11	FY10	YoY%	4Q11	3Q11	QoQ%
G&A Expenses	2,819.9	2,525.6	11.7	975.0	593.1	64.4
Salary & Employee Benefits	1,270.0	1,001.4	26.8	493.2	248.6	98.4
D & A	153.2	196.0	-21.8	37.5	38.7	-3.1
Other Expenses	1,396.6	1,328.2	5.2	444.3	305.9	45.3

Note) IFRS Standard



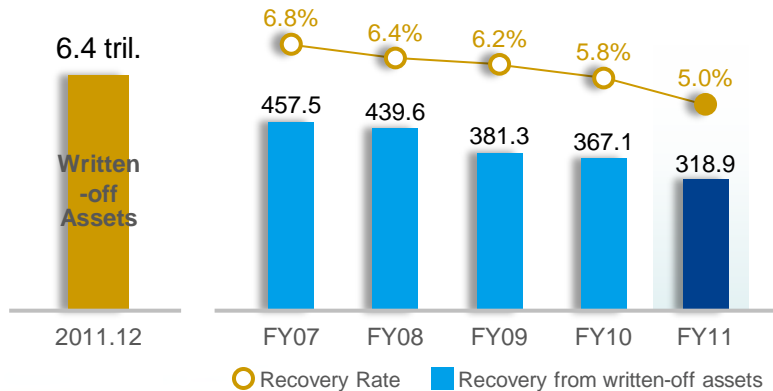
# Shinhan Card Income

## Operating Yield and PPOP Ratio (%)



Note) IFRS Standard, Quarterly basis, Net of Derivatives & F/X

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



(KRW bil.)	FY11	FY10	YoY%	4Q11	3Q11	QoQ%
Operating Revenue (a)	4,526.1	4,264.0	6.1	1,139.7	1,134.7	0.4
Card Business	3,836.0	3,635.3	5.5	977.7	971.8	0.6
Installment Finance	108.5	109.0	-0.5	27.6	27.4	0.5
Lease	53.4	54.5	-2.1	13.2	14.1	-6.5
Others	528.3	465.1	13.6	121.2	121.4	-0.2
(Derivatives & FX)	94.9	122.7	-22.6	-45.8	30.9	n.a
Interest Expense (b)	735.5	748.5	-1.7	178.4	184.8	-3.5
G&A Expenses (c)	656.8	664.7	-1.2	189.4	155.4	21.9
Commissions & Other Expenses (d)	1,869.2	1,746.4	7.0	420.3	487.7	-13.8
(Derivatives & FX)	81.3	110.7	-26.6	-49.8	26.4	n.a
Pre-Provision Income (e=a-b-c-d)	1,264.7	1,104.4	14.5	351.5	306.8	14.6
Provision for Credit Losses (f)	164.5	71.3	130.8	80.2	46.6	72.0
Earnings before Income Tax (g=e-f)	1,100.2	1,033.1	6.5	271.4	260.2	4.3
Income Tax	224.2	42.7	425.0	36.1	61.6	-41.5
Net Income	875.9	990.4	-11.6	235.3	198.5	18.5

Note) IFRS Standard

# **III . Assets & Liabilities**

---

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

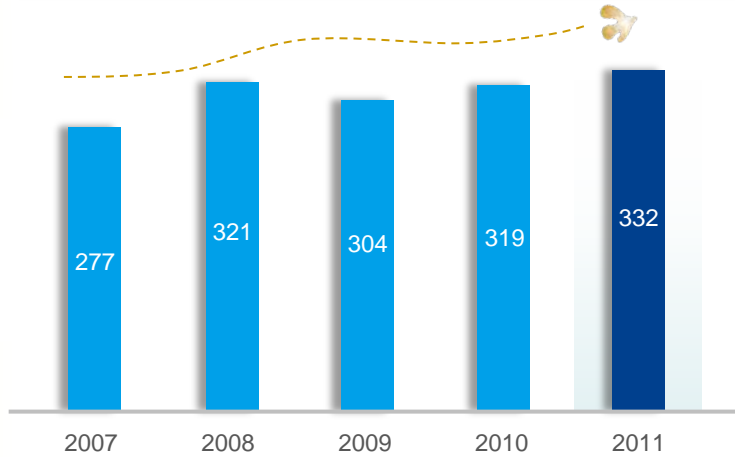




# SFG Asset Growth

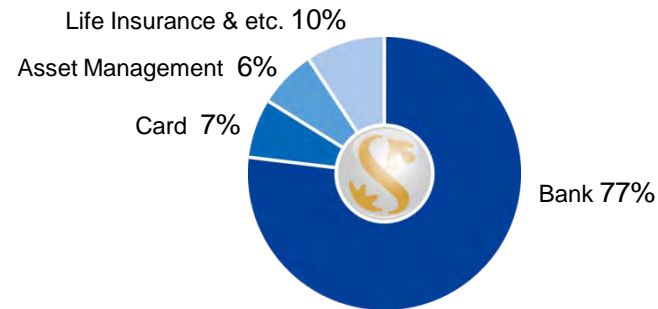
## SFG Total Assets

(KRW tril.)



Note) Figs. for 2007~2009 K-GAAP, from 2010 IFRS standard

## Asset Contribution by Subsidiary



Note) IFRS Standard

(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Bank	256,640	245,107	4.7	258,980	-0.9
Shinhan Bank	253,472	242,089	4.7	255,915	-1.0
Jeju Bank	3,168	3,018	5.0	3,064	3.4
Non-Bank	72,295	70,285	2.9	74,153	-2.5
Shinhan Card	22,357	22,124	1.1	22,794	-1.9
Shinhan Investment Corp.	12,166	10,498	15.9	13,235	-8.1
Shinhan Life Insurance	13,977	11,974	16.7	13,376	4.5
Shinhan Capital	3,518	3,735	-5.8	3,541	-0.6
Shinhan BNPP AM	19,766	21,456	-7.9	20,752	-4.8
Shinhan Data System	16	11	36.8	15	5.1
Shinhan Credit Information	19	20	-3.7	18	6.9
Shinhan PE	343	447	-23.2	376	-8.8
Other	134	19	615.7	45	194.7
Total	332,276	318,778	4.2	336,862	-1.4
Consolidated Total Assets	288,117	268,557	7.3	292,283	-1.4

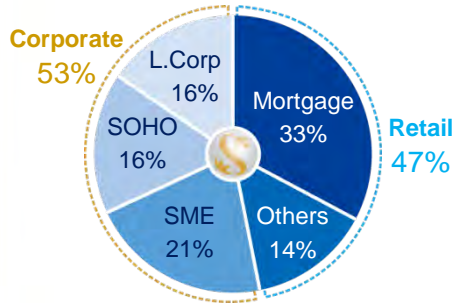
Note) IFRS Standard, including trust A/C of SHB and AUM of Shinhan BNPP AM



# SHB Loan / Deposit Growth

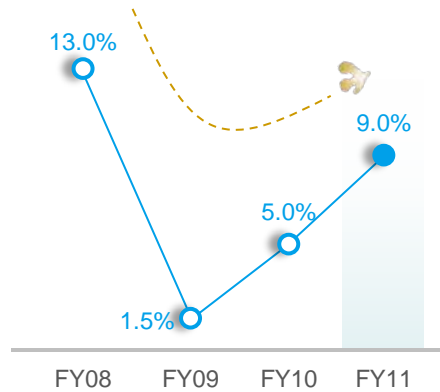
## Loan Composition

Note) As of Dec. 31, 2011



## Loan Growth

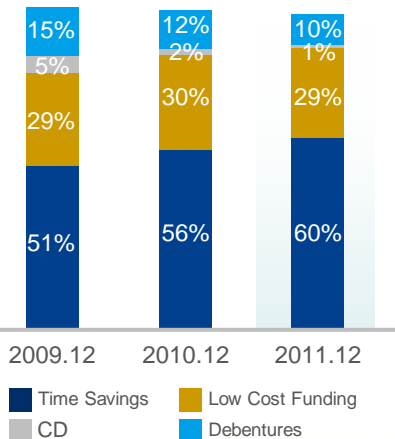
Note) Loan in KRW basis



(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Loan in KRW	139,082	127,632	9.0	136,485	2.0
Retail	65,228	60,859	7.2	64,113	1.8
Mortgage	45,571	42,535	7.1	44,682	2.1
Others	19,657	18,323	7.3	19,431	1.2
Corporate	73,855	66,774	10.6	72,372	2.2
SME	52,268	51,266	2.0	53,549	-2.5
SOHO	22,774	19,984	14.0	22,072	3.5
Large Corporate etc.	21,586	15,508	39.2	18,823	17.8
Loan in FX	5,216	4,977	4.8	5,347	-2.6

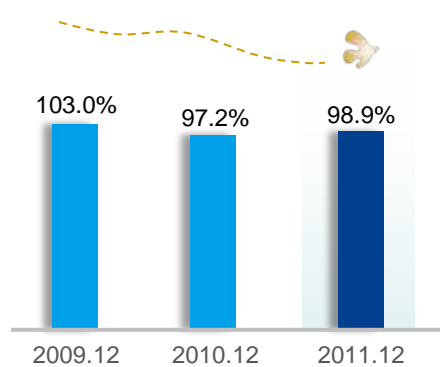
## Funding Composition

Note) As of Dec. 31, 2011



## Loan to Deposit Ratio

Note) Excluding CDs & monthly average basis



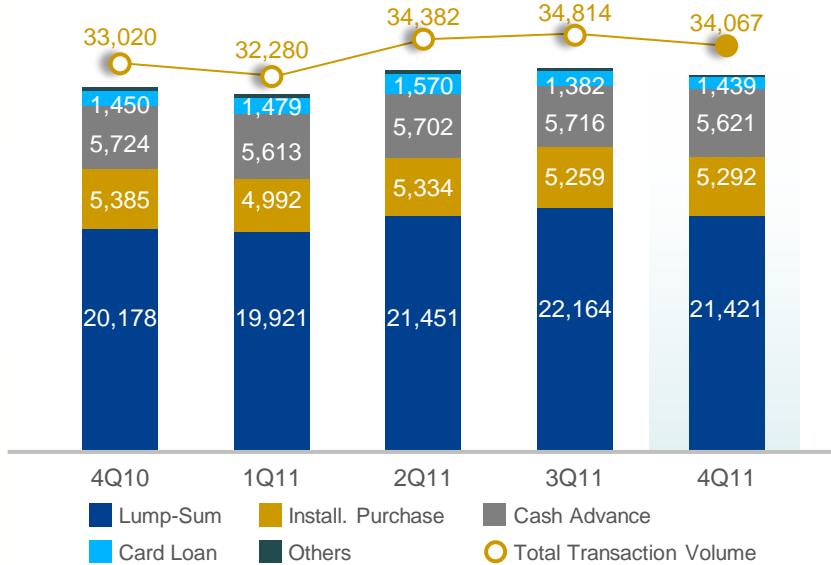
(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Total Deposits in KRW	140,987	126,583	11.4	137,925	2.4
Low Cost Deposits	45,774	44,022	4.0	45,054	1.6
Demand	14,688	14,517	1.2	15,165	-3.3
Savings	31,086	29,504	5.4	29,889	4.1
Other Savings	95,214	82,562	15.3	92,871	2.8
Time Deposits	88,533	77,117	14.8	86,425	2.7
Accumulative etc.	6,681	5,444	22.7	6,446	4.3
Certificate of Deposits	2,463	2,848	-13.5	2,692	-8.1
Debentures in KRW	15,722	17,501	-10.2	15,098	3.6



# Shinhan Card Asset Growth

## Transaction Volume

(KRW bil.)

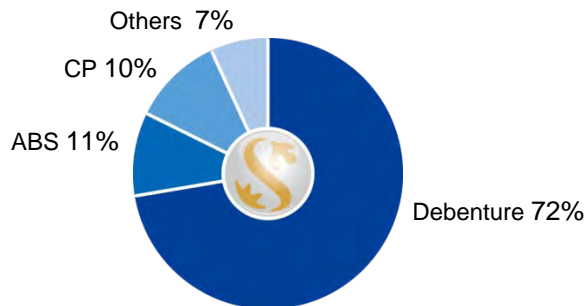


(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Earning Assets	19,772	19,460	1.6	20,018	-1.2
Credit Purchase	11,092	10,915	1.6	11,322	-2.0
Cash Advances	3,185	3,219	-1.1	3,241	-1.7
Card Loan	3,566	3,479	2.5	3,551	0.4
(Re-aged Loan)	192	211	-9.2	195	-1.8
Installment Finance	1,226	1,159	5.8	1,201	2.1
Lease etc.	703	688	2.1	703	0.0
Effective Cardholders (in thousands)	15,424	15,183	1.6	15,426	0.0
Merchants (in thousands)	2,669	2,552	4.6	2,637	1.2

Note) IFRS Standard

## Funding Composition

(As of Dec. 31, 2011)



Note) IFRS Standard

(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Total Funding	13,910	13,566	2.5	14,125	-1.5
Debentures	10,066	10,174	-1.1	10,083	-0.2
ABS	1,384	1,075	28.7	1,765	-21.6
CP	1,500	825	81.7	1,002	49.7
Others	960	1,490	-35.6	1,275	-24.7

Note) IFRS Standard

## **IV. Asset Quality**

---

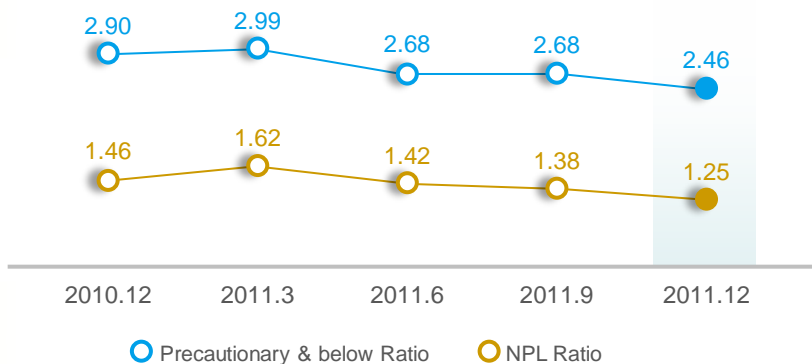
- 1. SFG Asset Quality**
- 2. SHB Asset Quality**
- 3. Shinhan Card Asset Quality**
- 4. Provision for Credit Losses / Write-offs**



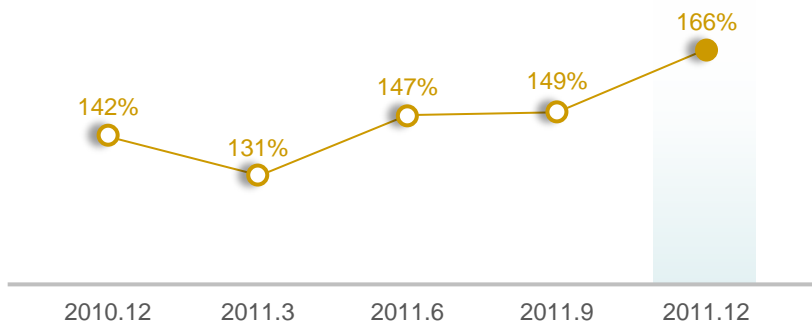


# SFG Asset Quality

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



## NPL Coverage Ratio (%)



Note) IFRS Standard

(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Total Loans <sup>1)</sup>	195,495	183,750	6.4	194,930	0.3
Normal	190,693	178,426	6.9	189,700	0.5
Precautionary	2,356	2,651	-11.1	2,538	-7.2
Substandard	1,305	1,513	-13.8	1,393	-6.3
Doubtful	470	654	-28.2	511	-8.2
Estimated Loss	671	507	32.4	787	-14.7
Substandard & below	2,445	2,674	-8.5	2,691	-9.1
NPL Ratio	1.25%	1.46%	-0.21%p	1.38%	-0.13%p
Loan Loss Allowance <sup>2)</sup>	4,058	3,793	7.0	4,000	1.5
NPL Coverage Ratio	166%	142%	24%p	149%	17%p
Reserve for credit losses <sup>3)</sup>	1,610	1,055	52.6	1,437	12.0

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

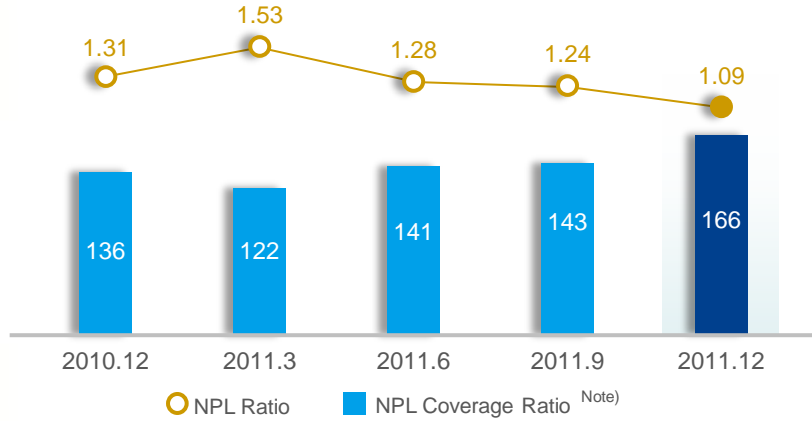
2) Sum of IFRS standard LLA and reserves for credit losses, excluding those for contingent acceptances & guarantees and unused credit lines

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



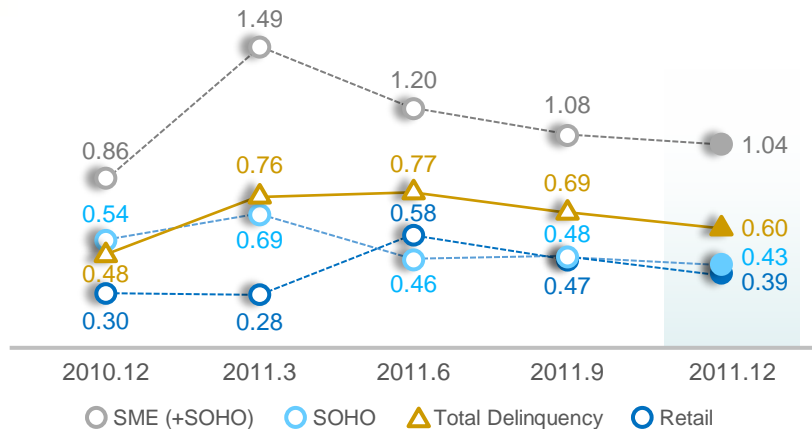
# SHB Asset Quality

## NPL Ratio & NPL Coverage Ratio (%)



Note) IFRS Standard

## Delinquency Ratio (%)



Note) 1 month overdue

(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
<b>Total Loans</b>	<b>166,433</b>	155,005	7.4	165,067	0.8
Normal	162,625	150,803	7.8	160,834	1.1
Precautionary	1,992	2,169	-8.1	2,181	-8.7
Substandard	1,157	1,406	-17.7	1,250	-7.5
Doubtful	266	407	-34.7	321	-17.2
Estimated Loss	393	222	77.2	481	-18.4
<b>Substandard &amp; below</b>	<b>1,815</b>	2,034	-10.8	2,052	-11.6
<b>NPL Ratio</b>	<b>1.09%</b>	1.31%	-0.22%p	1.24%	-0.15%p
<b>Loan Loss Allowance <sup>1)</sup></b>	<b>3,015</b>	2,768	8.9	2,934	2.8
<b>NPL Coverage Ratio</b>	<b>166%</b>	136%	30%p	143%	23%p
<b>Reserve for Credit Losses <sup>2)</sup></b>	<b>1,473</b>	989	48.9	1,310	12.4

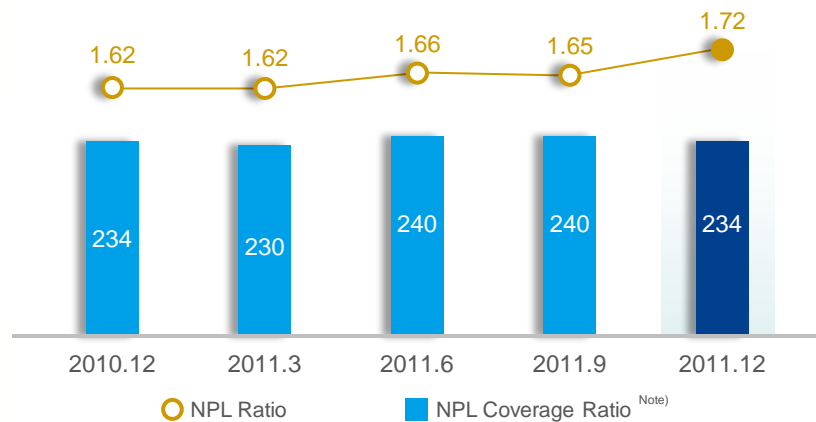
Note 1) Sum of IFRS standard LLA and reserves for credit losses, excluding those for contingent acceptances & guarantees and unused credit lines

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



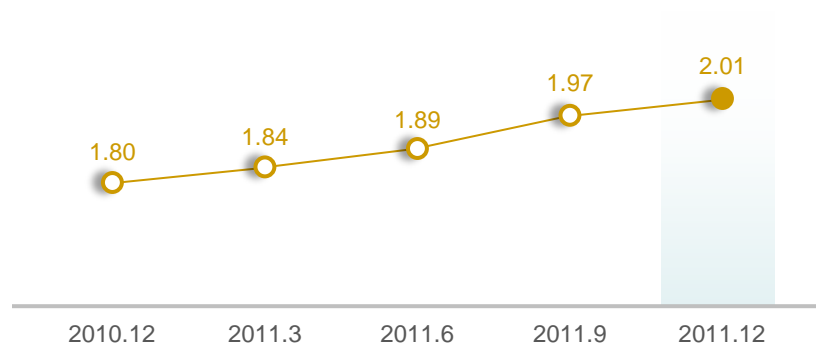
# Shinhan Card Asset Quality

## NPL Ratio & NPL Coverage Ratio (%)



Note) IFRS Standard

## Delinquency Ratio (%)



Note) 1 month overdue from total credit

(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Earning Assets	19,772	19,460	1.6	20,018	-1.2
Normal	19,204	18,930	1.5	19,462	-1.3
Precautionary	228	215	6.3	224	1.6
Substandard	-	-	n.a.	-	n.a.
Doubtful	106	77	37.4	92	15.0
Estimated Loss	233	239	-2.3	239	-2.3
Substandard & below	339	316	7.4	331	2.5
NPL Ratio	1.72%	1.62%	0.10%p	1.65%	0.07%p
Loan Loss Allowance <sup>1)</sup>	795	740	7.5	793	0.3
NPL Coverage Ratio	234%	234%	0%p	240%	-6%p
Reserve for Credit Losses <sup>2)</sup>	107	54	96.8	104	2.7

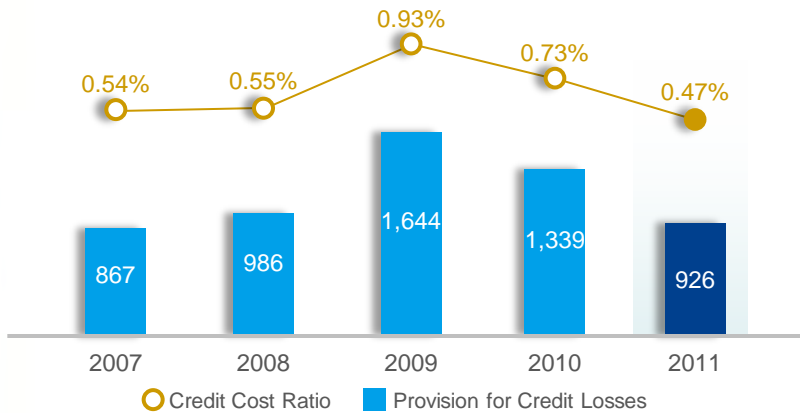
Note 1) Sum of IFRS standard LLA and reserves for credit losses, excluding those for unused credit lines

2) Excluding reserve for unused credit lines



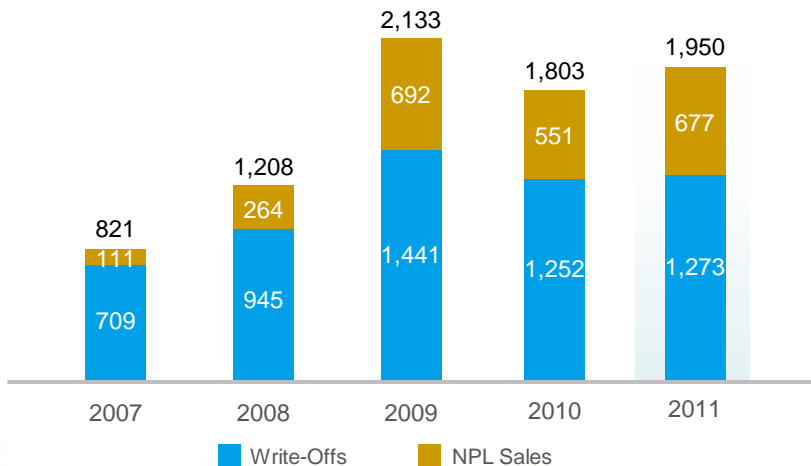
# Provision for Credit Losses / Write-Offs

## SFG Provision for Credit Losses (KRW bil.)



Note) Figs. for 2007~2009 K-GAAP, from 2010 IFRS Standard

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



## Credit Costs

(KRW bil.)	2011	1Q	2Q	3Q	4Q	2010	1Q	2Q	3Q	4Q
Shinhan Bank	667	164	196	143	164	1,084	166	535	280	103
Retail	87	19	19	35	15	103	17	50	26	10
Corporate	580	145	177	108	149	981	149	485	254	93
Shinhan Card	164	-6	44	47	80	70	29	35	6	0
<b>Total</b>	<b>831</b>	<b>158</b>	<b>240</b>	<b>189</b>	<b>244</b>	<b>1,154</b>	<b>195</b>	<b>570</b>	<b>286</b>	<b>103</b>

## Write-Offs & NPL Sales

(KRW bil.)	2011	1Q	2Q	3Q	4Q	2010	1Q	2Q	3Q	4Q
Shinhan Bank	1,484	134	566	336	448	1,324	25	416	70	813
(Sale)	677	44	295	112	226	551	-	170	10	371
Retail	141	12	44	31	54	172	7	41	30	94
(Sale)	77	-	29	14	33	85	-	22	-	63
Corporate	1,343	122	522	305	394	1,152	18	375	40	719
(Sale)	601	44	266	98	193	466	-	148	10	308
Shinhan Card	466	106	99	114	146	479	150	153	90	86
<b>Total</b>	<b>1,950</b>	<b>240</b>	<b>665</b>	<b>451</b>	<b>594</b>	<b>1,803</b>	<b>175</b>	<b>569</b>	<b>160</b>	<b>899</b>

# **V. Capital Adequacy**

## **1. Capital Adequacy**





# Capital Adequacy

## Group BIS Ratio

(KRW bil.)	2011.12(e)	2011.9	QoQ	
			Difference	%
Risk-Weighted Assets	194,925	194,623	302	0.2
Capital	22,301	26,022	-3,721	-14.3
Tier 1	17,318	17,622	-304	-1.7
Tier 2	4,983	8,401	-3,418	-40.7
BIS Ratio	11.4%	13.4%		-2.0%p
Tier 1	8.9%	9.1%		-0.2%p
Tier 2	2.6%	4.3%		-1.7%p

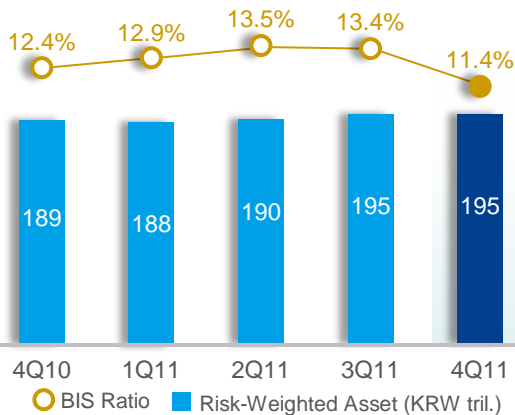
Note) IFRS Standard

## Shinhan Bank BIS Ratio

(KRW bil.)	2011.12(e)	2011.9	QoQ	
			Difference	%
Risk-Weighted Assets	122,895	123,671	-776	-0.6
Capital	18,820	19,323	-503	-2.6
Tier 1	15,343	16,183	-840	-5.2
Tier 2	3,478	3,140	338	10.8
BIS Ratio	15.3%	15.6%		-0.3%p
Tier 1	12.5%	13.1%		-0.6%p
Tier 2	2.8%	2.5%		0.3%p

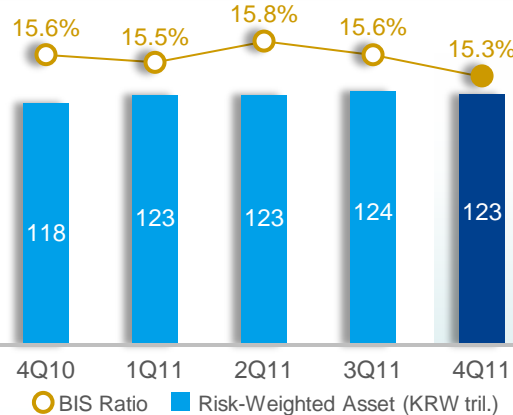
Note) IFRS Standard, Based on Basel II FIRB approach

## Group BIS Ratio



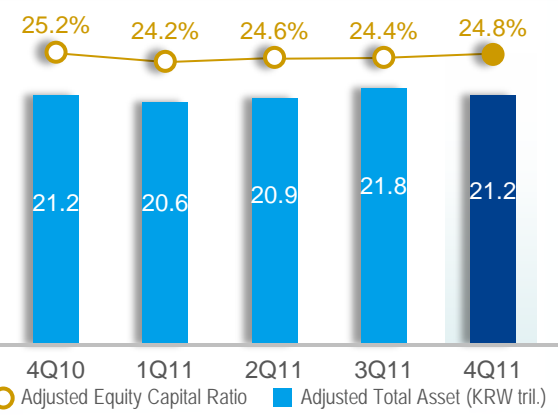
Note) IFRS Standard

## SHB BIS Ratio



Note) IFRS Standard

## Shinhan Card Capital Adequacy Ratio



Note) IFRS Standard

# **VI. Appendix**

- 1. SFG Subsidiaries**
- 2. Key Financial Indices**
- 3. SHB SME Loans**

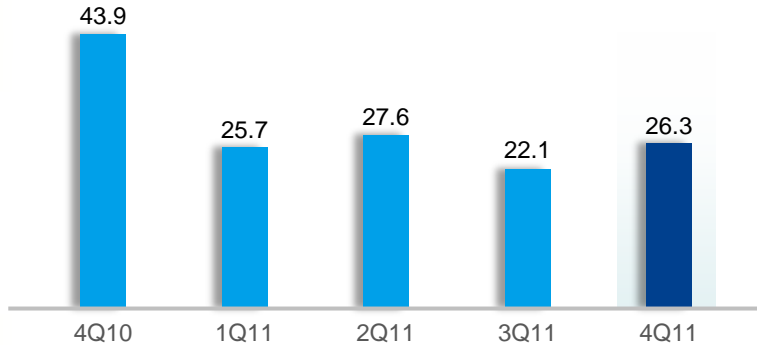




# SFG Subsidiaries \_ Shinhan Investment Corp. (1)

## Net Income

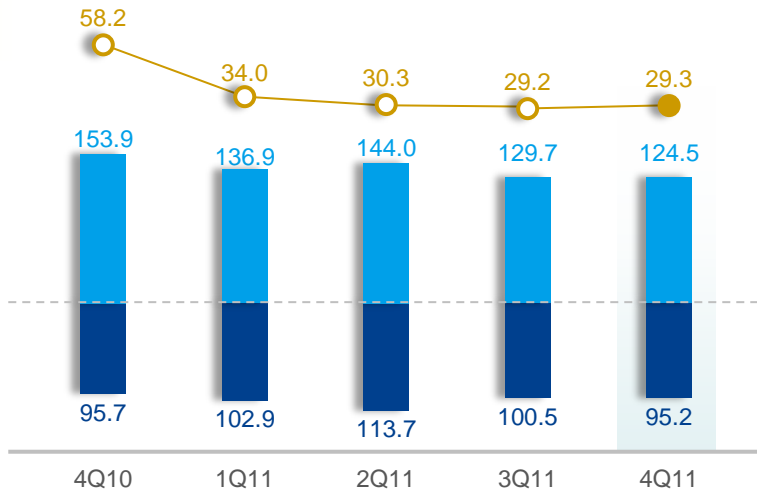
(KRW bil.)



Note) IFRS Standard

## Operating Income

(KRW bil.)



Operating Income (Yellow circle), Operating Revenue (Blue square), Operating Expense (Dark Blue square)

Note) IFRS Standard

## Condensed I/S & Key Financial Indices

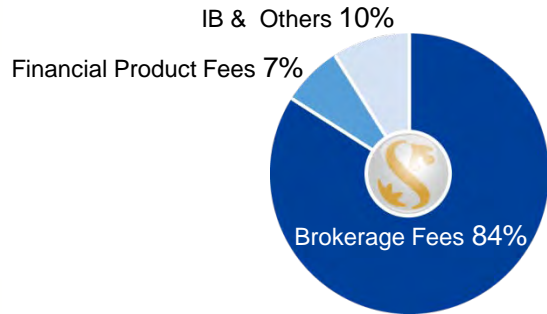
(KRW bil.)	CY11	CY10	YoY%	4Q11	3Q11	QoQ%
Operating Revenue	535.1	576.6	-7.2	124.5	129.7	-4.0
Fees & Commission	377.6	378.3	-0.2	84.4	96.1	-12.1
Proprietary Trading	-9.3	99.2	n.a.	-14.8	-15.7	n.a.
Others	166.8	99.1	68.4	54.9	49.4	11.1
Operating Expense	412.2	392.7	5.0	95.2	100.5	-5.3
G&A Expenses	351.4	357.6	-1.8	81.7	87.5	-6.6
Commission Expense	52.5	46.3	13.4	8.7	14.0	-38.2
Provision for Credit Losses	8.3	-11.3	n.a.	4.8	-1.0	n.a.
Operating Income	122.9	183.9	-33.2	29.3	29.2	0.4
Net Income	101.7	150.7	-32.5	26.3	22.1	18.7
Net Capital Ratio (%)	648.3	653.9	-5.6%p	648.3	676.1	-27.8%p
ROE	4.9%	7.7%	-2.8%p	4.9%	4.9%	0.0%p
ROA	0.9%	1.7%	-0.8%p	0.9%	0.9%	0.0%p

Note) IFRS Standard



# SFG Subsidiaries \_ Shinhan Investment Corp. (2)

## Fees & Commission

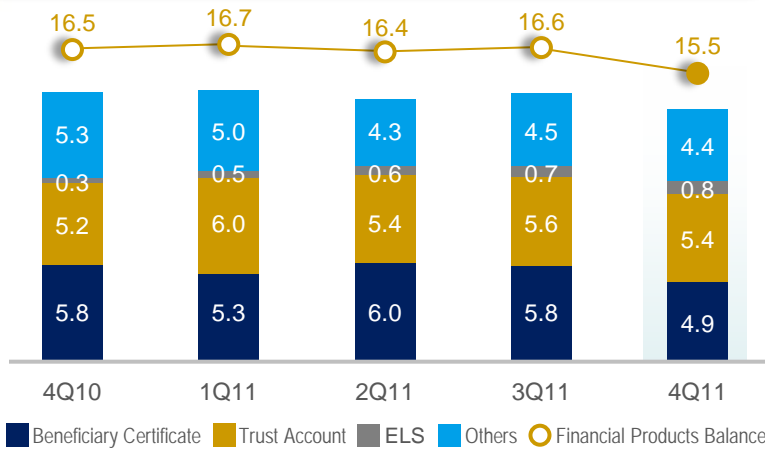


Note) IFRS Standard

## Financial Products

Note)

(KRW tril.)



Note) Sum of Beneficiary Certificate, Trust Account, Wrap, ELS, RP, Micro Debentures

## Fees & Commission

(KRW bil.)	CY11	CY10	YoY%	4Q11	3Q11	QoQ%
Fees & Commission	377.6	378.3	-0.2	84.4	96.1	-12.1
Brokerage Commission	318.3	310.6	2.5	72.0	83.8	-14.2
Financial Product Fees	26.7	22.5	18.6	6.0	6.5	-7.9
IB	30.6	39.6	-22.6	5.9	4.6	29.4
Others	2.0	5.6	-64.0	0.6	1.2	-49.7

Note) IFRS Standard

## Balance of Financial Products

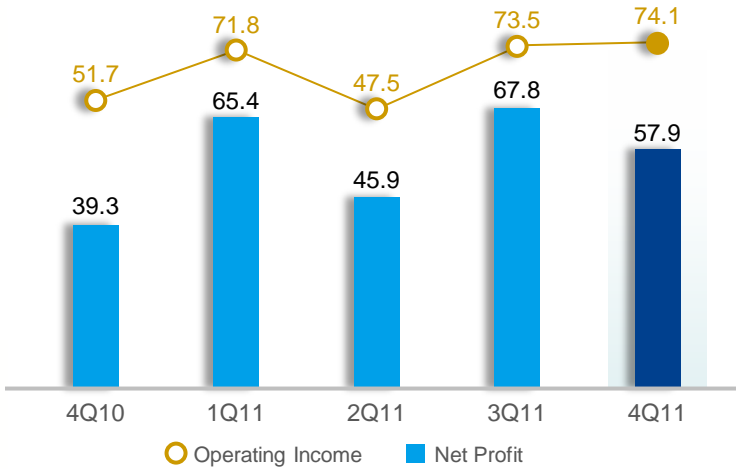
(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Financial Products	15.5	16.5	-6.1	16.6	-6.3
Beneficiary Certificate	4.9	5.8	-14.3	5.8	-14.6
Trust Account	5.4	5.2	5.4	5.6	-2.5
ELS	0.8	0.3	132.2	0.7	9.6
Others	4.4	5.3	-16.7	4.5	-2.7



# SFG Subsidiaries \_ Shinhan Life Insurance (1)

## Net Income

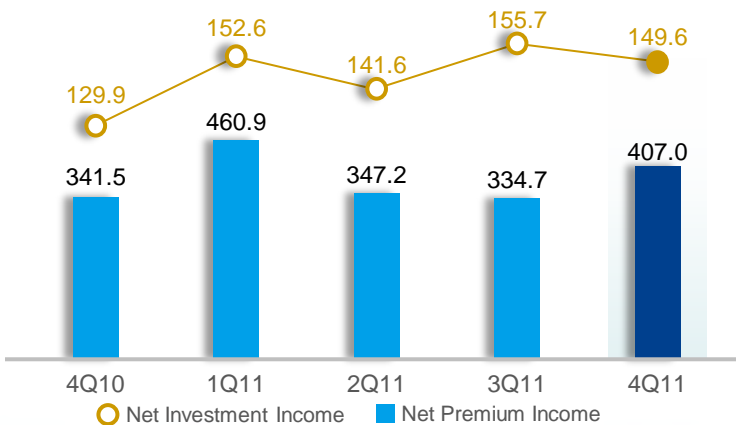
(KRW bil.)



Note) IFRS Standard

## Total Income

(KRW bil.)



Note) IFRS Standard

## Condensed I/S & Key Financial Indices

(KRW bil.)	CY11	CY10	YoY%	4Q11	3Q11	QoQ%
<b>Total Income</b>	<b>2,192.0</b>	1,792.3	22.3	560.3	503.4	11.3
Net Premium Income	1,549.8	1,236.1	25.4	407.0	334.7	21.6
Net Investment Income	599.5	520.9	15.1	149.6	155.7	-3.9
Special Account / Others	42.7	35.3	21.1	3.7	13.0	-71.6
Policy Reserve Write Back (△)	1,882.4	1,510.5	24.6	482.5	416.9	15.7
<b>Operating Income</b>	<b>266.9</b>	246.5	8.3	74.1	73.5	0.9
<b>Net Income</b>	<b>236.9</b>	213.4	11.0	57.9	67.8	-14.6
Solvency Margin Ratio (%)	310.0	397.9	-87.9%p	310.0	305.1	4.9%p
ROE	21.7%	23.2%	-1.5%p	21.7%	22.4%	-0.7%p
ROA	1.8%	1.9%	-0.1%p	1.8%	1.9%	-0.1%p

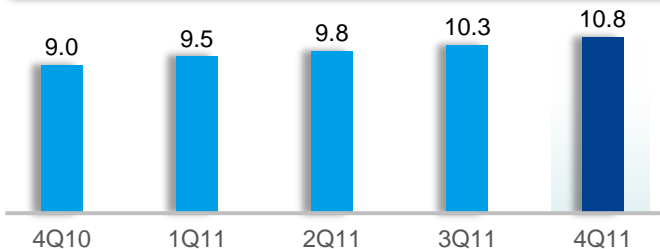
Note) IFRS Standard, ROE,ROA computed on a quarterly average basis



# SFG Subsidiaries \_ Shinhan Life Insurance (2)

## Operating Assets

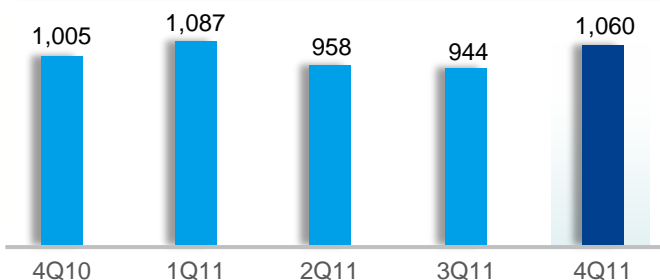
(KRW tril.)



Note) IFRS Standard, excluding retirement pension

## Premium Received

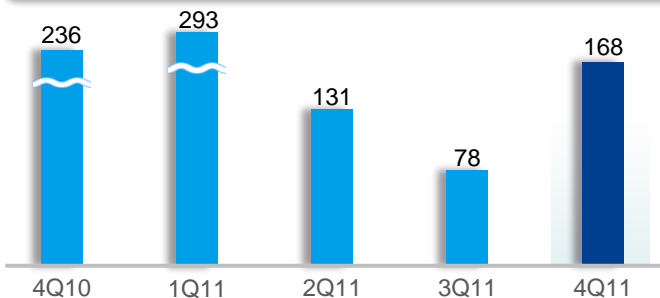
(KRW bil.)



Note) IFRS Standard, excluding retirement pension

## New Premium

(KRW bil.)



Note) IFRS Standard, excluding retirement pension

## Operating Assets & Special Account Assets

(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Operating Assets	10,775.9	8,954.2	20.3	10,290.2	4.7
Fixed Income	6,184.8	5,283.9	17.0	5,776.6	7.1
Loans	2,957.4	2,613.2	13.2	2,783.9	6.2
Equities	136.8	166.4	-17.8	137.1	-0.2
Cash & Deposits	882.9	362.2	143.8	1,007.1	-12.3
Others	614.0	528.5	16.2	585.5	4.9
Special Account	1,657.6	1,734.2	-4.4	1,641.7	1.0

Note) IFRS Standard

## Premium Breakdown

(KRW bil.)	2011	2011				2010	2010			
		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q
Prem. Received	4,049	1,087	958	944	1,060	3,566	798	943	819	1,005
New Premium	670	293	131	78	168	635	98	223	79	236

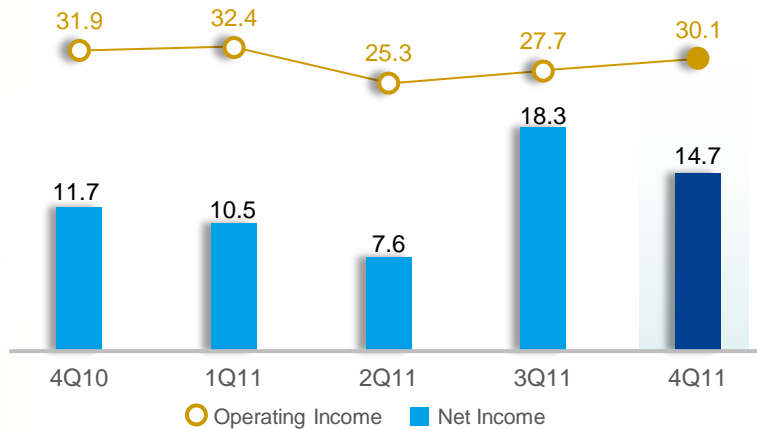
Note) IFRS Standard, excluding retirement pension



# SFG Subsidiaries \_ Shinhan Capital

## Net Income

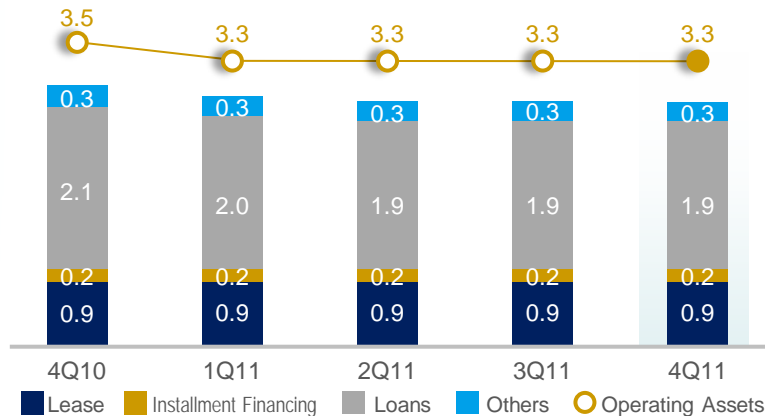
(KRW bil.)



Note) IFRS Standard

## Operating Assets

(KRW tril.)



Note) IFRS Standard

## Condensed I/S & Key Financial Indices

(KRW bil.)	FY11	FY10	YoY%	4Q11	3Q11	QoQ%
Operating Revenue	365.9	403.4	-9.3	77.3	76.1	1.6
Operating Expense	250.5	283.4	-11.6	47.3	48.4	-2.4
(Interest Expense)	141.0	156.8	-10.1	34.7	34.8	-0.5
(G&A Expenses)	18.0	18.0	0.0	4.8	3.7	30.1
Operating Income	115.4	120.0	-3.8	30.1	27.7	8.4
Provision for Credit Losses	46.4	67.1	-30.8	8.8	7.8	13.0
Net Income	51.1	40.1	27.4	14.7	18.3	-19.7
ROE	11.0%	9.5%	1.5%p	11.0%	10.7%	0.3%p
ROA	1.4%	1.1%	0.3%p	1.4%	1.3%	0.1%p

Note) IFRS Standard

## Operating Assets

(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Operating Assets	3.3	3.5	-5.7	3.3	-2.1
Lease	0.9	0.9	7.6	0.9	2.3
Installment Financing	0.2	0.2	-10.8	0.2	-19.7
Loans	1.9	2.1	-8.6	1.9	0.1
Others	0.3	0.3	-2.4	0.3	1.0

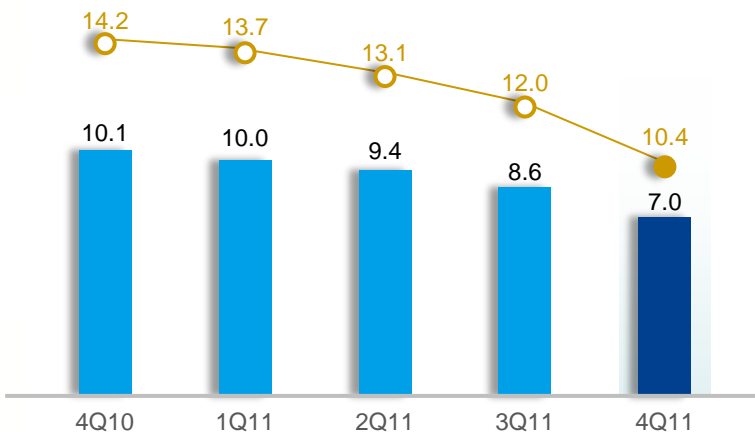
Note) IFRS Standard



# SFG Subsidiaries \_ Shinhan BNPP AM

## Net Income

(KRW bil.)

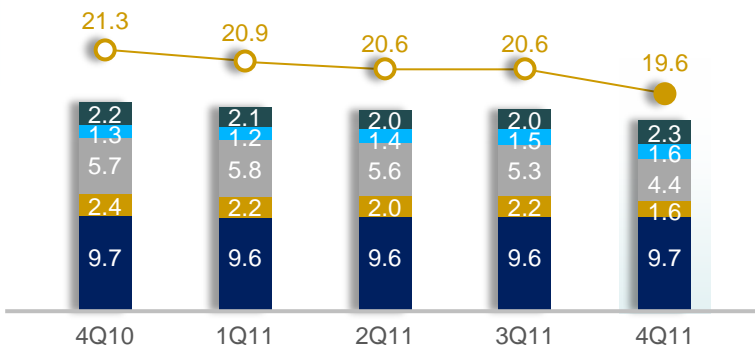


○ Operating Income ■ Net Income

Note) IFRS Standard

## Assets Under Management

(KRW tril.)



■ Equity Type ■ Bond Type ■ MMF ■ Derivatives ■ Others ○ Total AUM

## Condensed I/S & Key Financial Indices

(KRW bil.)	CY11	CY10	YoY%	4Q11	3Q11	QoQ%
Operating Revenue	109.8	119.2	-7.9	25.1	26.5	-5.3
Operating Expense	60.6	65.6	-7.6	14.7	14.5	1.4
(G&A Expenses)	37.1	35.7	4.0	10.0	9.0	11.1
Operating Income	49.2	53.7	-8.3	10.4	12.0	-13.3
Net Income	35.0	39.7	-11.9	7.0	8.6	-18.6
ROE	24.1%	28.3%	-4.2%p	24.1%	26.1%	-2.0%p

Note) IFRS Standard

## Assets Under Management

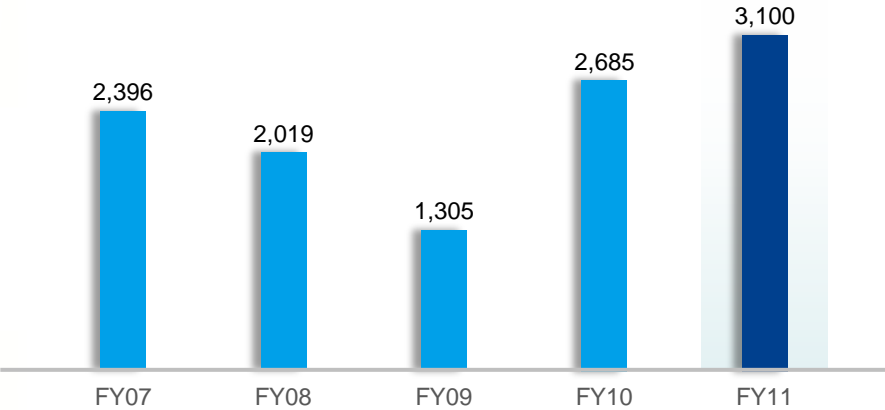
(KRW bil.)	2011.12	2010.12	YTD%	2011.9	QoQ%
Total AUM	19.6	21.3	-7.9	20.6	-4.9
Equity Type	9.7	9.7	-0.5	9.6	1.0
Bond Type	1.6	2.4	-32.6	2.2	-27.3
MMF	4.4	5.7	-23.0	5.3	-17.0
Derivatives	1.6	1.3	27.7	1.5	6.7
Others	2.3	2.2	4.7	2.0	15.0



# Key Financial Indices

## Group Net Income

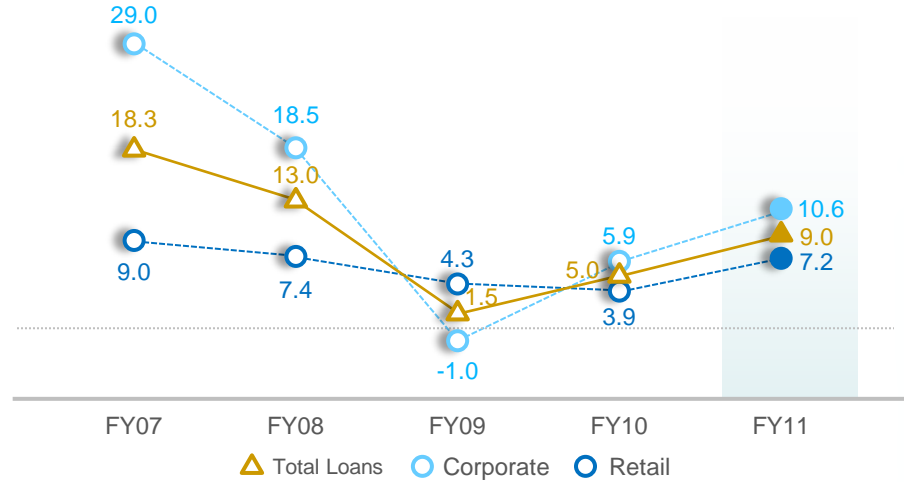
(KRW bil.)



Note) Figs. for 2007~2009 K-GAAP, from 2010 IFRS Standard

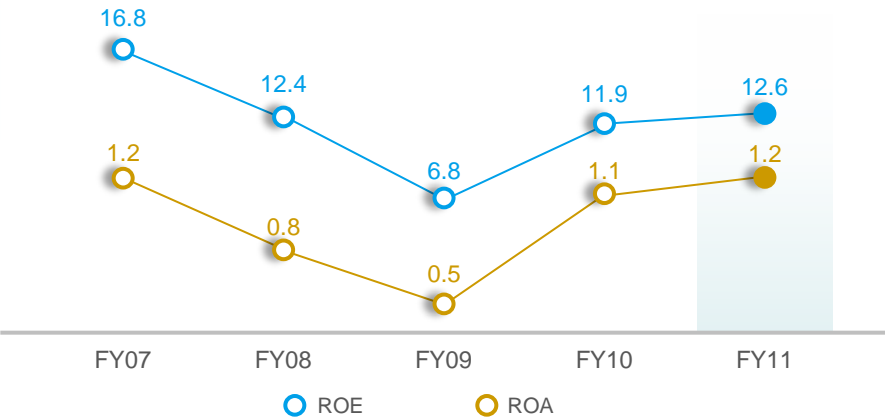
## SHB Loan Growth Rate

(%)



## ROA / ROE

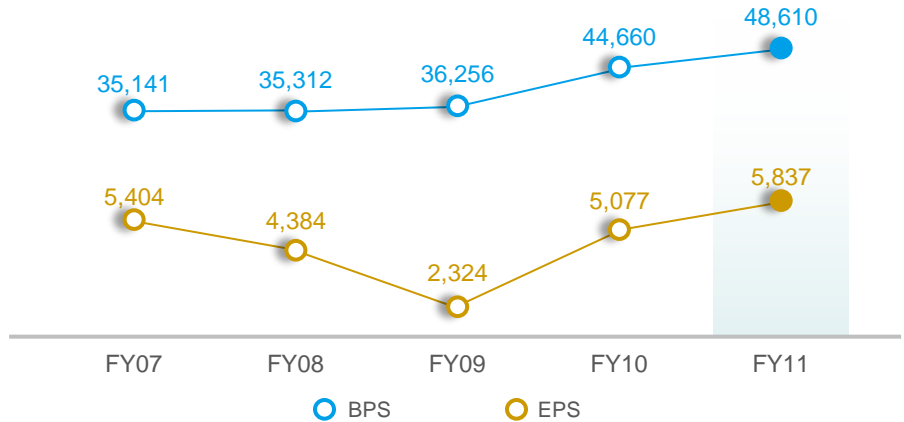
(%)



Note) Figs. for 2007~2009 K-GAAP, from 2010 IFRS Standard, ROE based on common stock (including RCPS)

## BPS / EPS

(KRW)

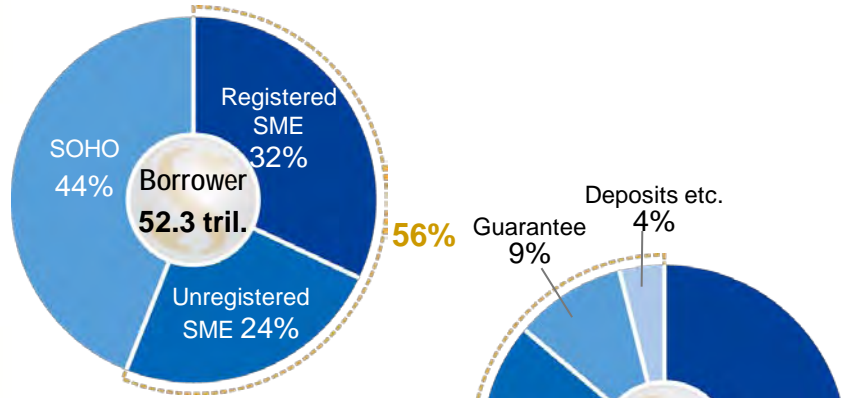


Note) Figs. for 2007~2009 K-GAAP, from 2010 IFRS Standard, Based on common stock (including RCPS)

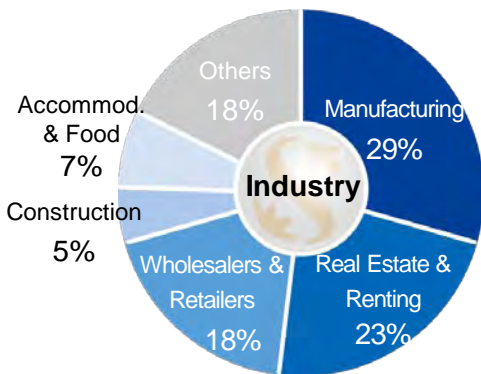


# Shinhan Bank SME Loans

## SME Loans Note) (As of Dec. 31, 2011)



**Collateralized 62%**



Note) 1 month overdue delinquency ratio for collateralized loans and credit loans are 0.84% and 1.44 % respectively

Note) Loans in KRW basis

## Delinquency Ratio by Industry (%)

	2011.12	2010.12	YTD%p	2011.9	QoQ%p
Manufacturing	0.70	0.63	0.07	0.70	0.00
Real Estate & Renting	1.86	1.36	0.50	1.88	-0.02
Wholesalers/Retailers	0.41	0.39	0.02	0.55	-0.14
Construction	1.92	0.70	1.22	1.34	0.58
<b>Total</b>	<b>1.04</b>	<b>0.86</b>	<b>0.18</b>	<b>1.08</b>	<b>-0.04</b>

(As of Dec. 31, 2011) (%)

