SHG LISTED NYSE

Compassionate Finance
Sharing the Future

Summer

# Business Results
## 2014 1H

Shinhan Financial Group

# 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 reviewed by independent auditors. The information contained herein is subject to change without further notice.**

**We also note the following:**

**1) Financial information for periods on or following January 1, 2010 has been prepared in accordance with the Korean IFRS, whereas financial information for periods on or prior to December 31, 2009 has been prepared in accordance with Korean GAAP.**

**2) Financial information as of and for the year ended December 31, 2012 has been retroactively restated to reflect new standards under and amendments to Korean IFRS that became effective in 2013.**

**3) On April 1, 2013, Shinhan Savings Bank merged with Yehanbyoul Savings Bank, with the latter as the surviving entity doing business under the name of Shinhan Savings Bank. Prior to this date, both of these entities were SFG's direct subsidiaries. Following the merger, the former Shinhan Savings Bank was liquidated. Accordingly, financial information of old Shinhan Savings Bank (the liquidated entity) prior to this date was consolidated with new Shinhan Savings Bank (the surviving entity after the merger).**

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

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

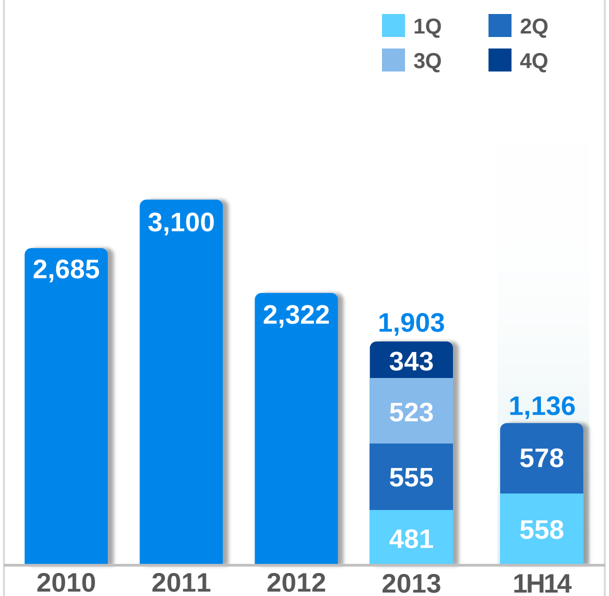
# Contents

# 2014 1H Business Results Highlights (1)

SHINHAN FINANCIAL GROUP

## Group Net Income

(KRW bil.)

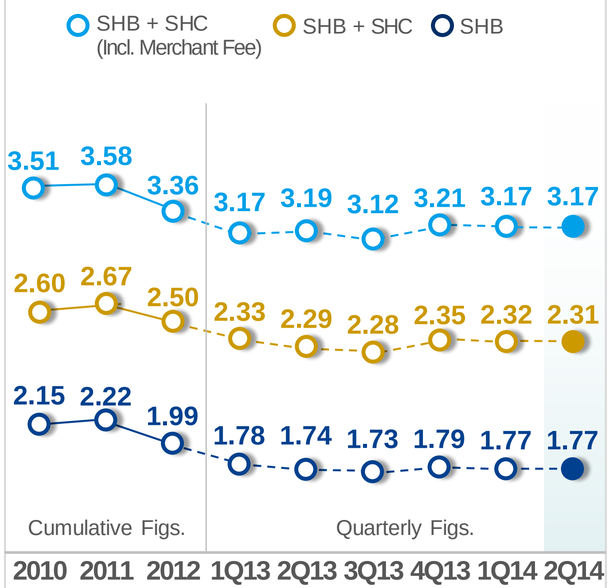



**2014 1H Net Income : KRW 1,136 bil.**
**(2Q14 Net Income KRW 577.6 bil.)**

- SFG posted more than 1 tril. net Income during 1H for 5 consecutive years.
- Group net income increased by 9.6% YoY and 3.4% QoQ respectively.
- Interest income increased by 2.9% YoY and 1.9% QoQ attributed to moderate loan growth coupled with stable margin.
- Non-interest income dropped by 13.4% YoY, due to decreased security sales gains along with increase in impairment losses from securities holdings.
- SG&A tamed at 0.7% YoY, through tightened cost control.

## NIM

(%)

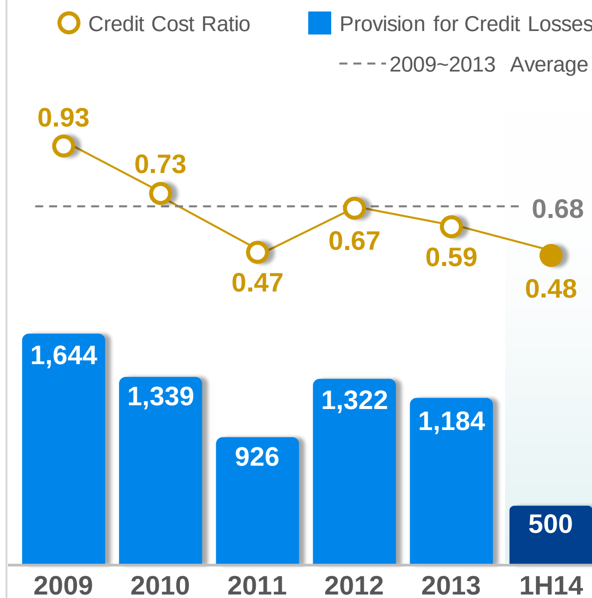



**2014 2Q Bank NIM 1.77%,**
**Group NIM 2.31%**

- Maintaining stable NIM trend since 3Q13.
- Group NIM marked 2.31% dropped by only 1bp QoQ.
- During 2Q14, SHB's NIM well-maintained at 1.77% attributed to effective A&L management based on active loan growth along with year-round efforts to draw more low-cost deposits.
- Group NIM including credit card merchant fee marked 3.17%, without any change QoQ.

## Credit Cost Ratio

(%, KRW bil.)



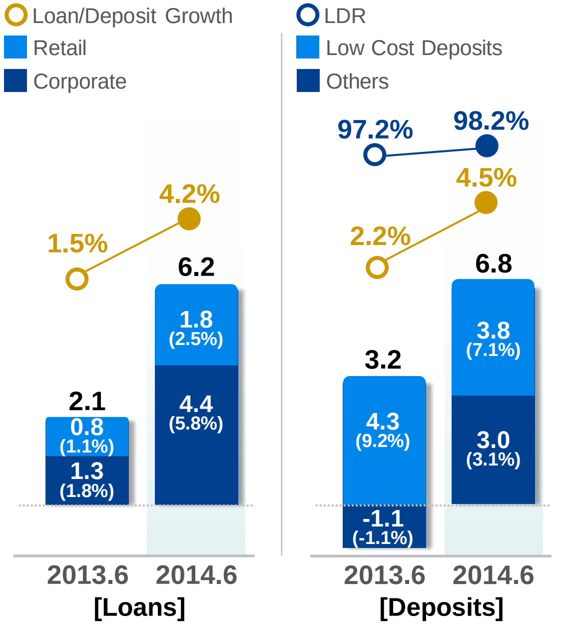

**2014 1H Credit Cost Ratio at 0.48%**
**(20bp lower than 5-year Average)**

- Credit cost entering into improvement trajectory, continuously stabilizing.
- Group credit costs increased by 15bp from 0.33% in 1Q14 to 0.48%.
- SHB's provision for credit losses decreased by 34.3% YoY to 251.0bil., while increased by 238.9% QoQ, due to absence of one-off write-back in 1Q14 along with special provisions related to restructuring companies during 2Q14.
- SHC's provision for credit losses increased by 14.4% YoY mainly due to expected decrease in recovery from written-off assets.

# 2014 1H Business Results Highlights (2)

SHINHAN FINANCIAL GROUP

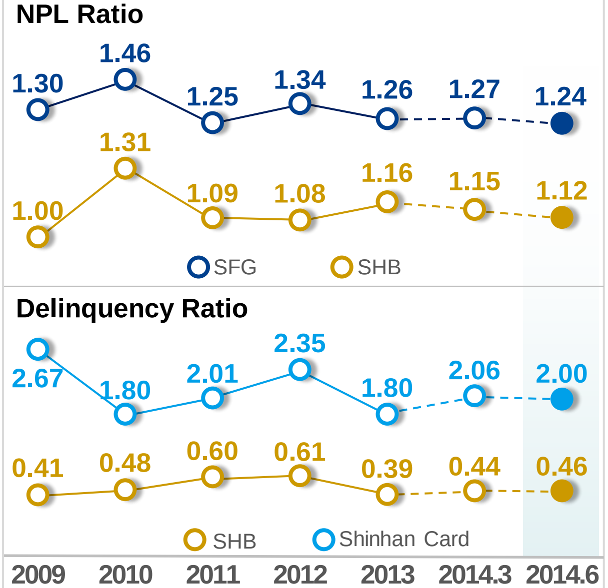
## Loans & Deposits (KRW tril.)




**2Q14 Loan/Deposit growth at 4.2%,4.5%**
**LDR stood at 98.2%**

- SHB has achieved active loan growth in 1H.
- KRW loan balance as end of 2Q14 marked 153.3 tril. up by 4.2% YTD. Corporate Loan; Large Corp. loans and SME loans increased by 10.9% and 4.0% respectively. Retail Loan; Personal loans including unsecured personal loans and Jeonse loans increased by 4.9% YTD bringing up retail loan growth to 2.5% YTD.
- Deposit increased by 4.5% YTD reaching 157.3 tril., attributed to stable increase in low costs deposits.
- LDR stood at 98.2% remaining at a stable level.

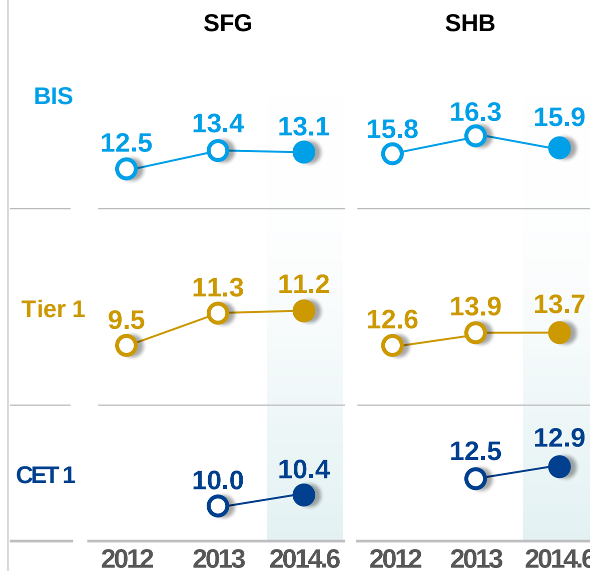
## NPL / Delinquency Ratio (%)




**2014 2Q Group NPL Ratio 1.24%,**
**SHB Delinquency Ratio 0.46%**

- Benign asset quality concern since 2013 for Bank, Credit Card, and the Group.
- NPL ratio for the Group and SHB recorded 1.24% and 1.12%, improved by 0.03%p respectively.
- NPL coverage ratio for the Group and SHB each marked 165% and 152%, increased by 4%p and 5%p respectively.
- During 2Q14, SHB's Delinquency ratio deteriorated only by 2bp to 0.46% whereas Credit Card Delinquency ratio improved by 6bp to 2.00%.

## Capital Adequacy (%)




Note) Figs. from 2013 Group/Bank based on Basel3,
Figs. for 2012 Group based on Basel1, Bank Basel2

**2014 2Q Group CET1 Ratio 10.4%**
**SHB CET1 Ratio 12.9%**

- Continuously heaping up its Capital base by improvement in earnings of the Group.
- Based on BASEL3, Group's Common Equity Tier1 and BIS ratio each marked 10.4% and 13.1% driven by growth in earnings with stable level of risk weighted assets.
- Based on BASEL3, SHB's Common Equity Tier1 and BIS ratio each marked 12.9% and 15.9%, maintaining sufficient capital base.

# Ⅱ. Income

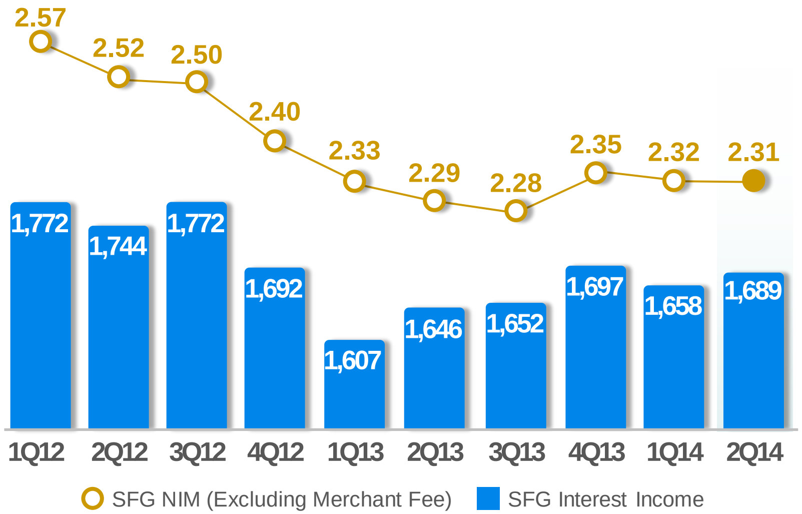
1. SFG Income
2. Subsidiaries Income (1)
3. Subsidiaries Income (2)
4. SHB Income / NIM
5. SHB Non-Interest Income / G&A Expenses
6. Shinhan Card Income

# SFG Income



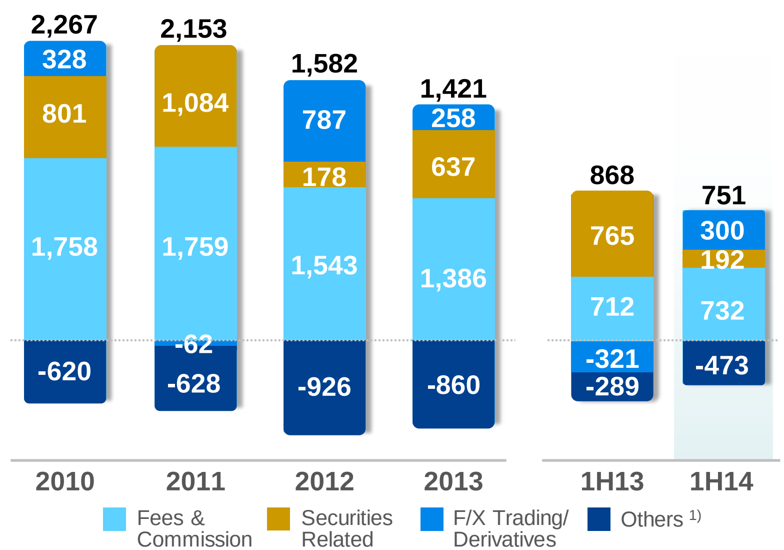
## SFG Interest Income & NIM(Quarterly)

(%, KRW bil.)




## SFG Non-Interest Income

(KRW bil.)




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

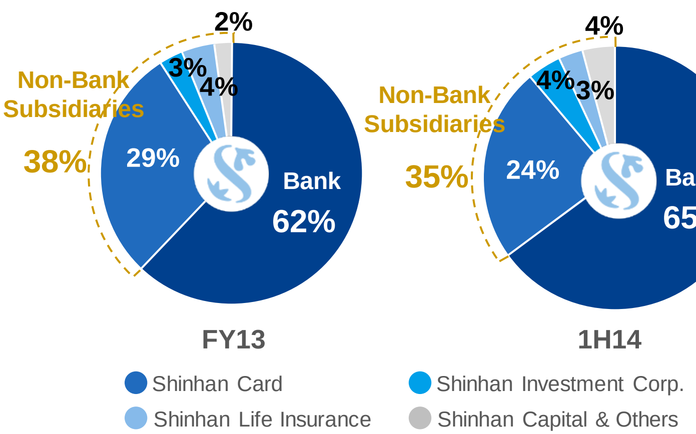
| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Operating Income (a=b+c) | 4,098.4 | 4,120.9 | -0.5 | 2,140.8 | 1,957.5 | 9.4 |
| Interest Income (b) | 3,347.3 | 3,253.3 | 2.9 | 1,689.4 | 1,658.0 | 1.9 |
| Non-Interest Income (c) | 751.1 | 867.7 | -13.4 | 451.5 | 299.6 | 50.7 |
| G&A Expenses (d) | 2,087.2 | 2,073.0 | 0.7 | 1,054.5 | 1,032.7 | 2.1 |
| Pre-Provision Oper. Income (e=a-d) | 2,011.2 | 2,047.9 | -1.8 | 1,086.3 | 924.9 | 17.5 |
| Non-Operating Income (f) | 61.5 | 50.1 | 22.8 | 43.5 | 18.0 | 141.2 |
| Pre-Provision Income (g=e+f) | 2,072.6 | 2,097.9 | -1.2 | 1,129.8 | 942.9 | 19.8 |
| Provision for Credit Losses (h) | 499.7 | 637.1 | -21.6 | 332.6 | 167.0 | 99.1 |
| Earnings before Income Tax (i=g-h) | 1,573.0 | 1,460.8 | 7.7 | 797.1 | 775.8 | 2.7 |
| Income Tax | 365.4 | 346.0 | 5.6 | 185.1 | 180.3 | 2.7 |
| Consolidated Net Income 1) | 1,136.0 | 1,036.3 | 9.6 | 577.6 | 558.4 | 3.4 |

Note 1) Net Income in Controlling Interest

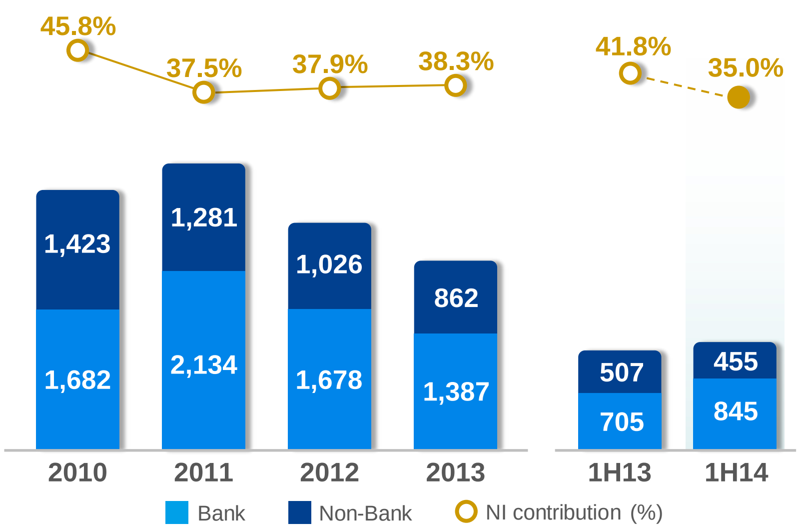
# Subsidiaries Income (1)

SHINHAN FINANCIAL GROUP

## Net Income Contribution by Subsidiaries




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




Note) 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] |
|---|---|---|---|---|---|
| Bank (a) | 846.5 | | 845.1 | -58.3 | 786.8 |
| Shinhan Bank | 841.9 | 100.0% | 841.9 | -58.3 | 783.6 |
| Jeju Bank | 4.7 | 68.9% | 3.2 | -0.0 | 3.2 |
| Non-Bank (b) | 459.7 | | 454.7 | -6.9 | 447.8 |
| Shinhan Card | 317.7 | 100.0% | 317.7 | 1.9 | 319.6 |
| Shinhan Investment Corp. | 48.4 | 100.0% | 48.4 | -0.9 | 47.5 |
| Shinhan Life Insurance | 41.3 | 100.0% | 41.3 | -5.1 | 36.2 |
| Shinhan BNPP AM | 14.4 | 65.0% | 9.3 | 0.1 | 9.4 |
| Shinhan Capital | 29.2 | 100.0% | 29.2 | 0.9 | 30.1 |
| Shinhan Savings Bank | 4.4 | 100.0% | 4.4 | -0.1 | 4.4 |
| Shinhan Data System | 1.0 | 100.0% | 1.0 | -3.7 | -2.6 |
| Shinhan AITAS | 2.3 | 99.8% | 2.3 | - | 2.3 |
| Shinhan Credit Information | 0.7 | 100.0% | 0.7 | -0.0 | 0.7 |
| Shinhan Private Equity | 0.3 | 100.0% | 0.3 | - | 0.3 |
| SFG (c) | | | | -98.6 [2)] | -98.6 |
| Total (d=a+b+c) [1)] | 1,306.3 | | 1,299.8 | -163.8 | 1,136.0 |

Note) 1) Net Income in Controlling Interest

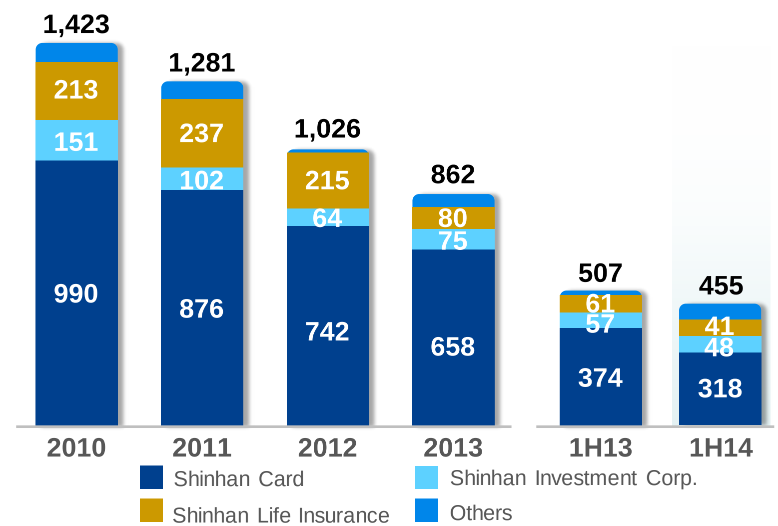
2) SFG (Separate): Brand Fee Income KRW 35.0bil., Interest Expense KRW -110.8bil., G&A etc. KRW -31.7bil.

# Subsidiaries Income (2)

SHINHAN FINANCIAL GROUP

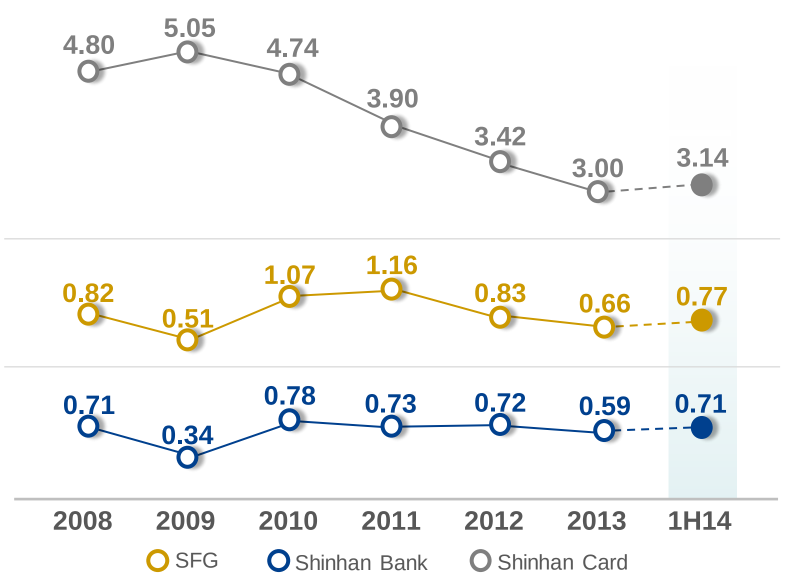
## Non-Bank Net Income

(KRW bil.)




## ROA

(%)




| (Reflecting SFG Ownership, KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Bank (a) | 845.1 | 705.5 | 19.8 | 420.0 | 425.0 | -1.2 |
| Shinhan Bank | 841.9 | 698.9 | 20.5 | 416.8 | 425.1 | -2.0 |
| Jeju Bank | 3.2 | 6.6 | -51.1 | 3.3 | -0.0 | n.a. |
| Non-Bank (b) | 454.7 | 506.9 | -10.3 | 246.9 | 207.8 | 18.8 |
| Shinhan Card | 317.7 | 374.4 | -15.2 | 176.5 | 141.2 | 25.0 |
| Shinhan Investment Corp. | 48.4 | 56.6 | -14.5 | 21.7 | 26.7 | -18.8 |
| Shinhan Life Insurance | 41.3 | 61.0 | -32.4 | 19.5 | 21.8 | -10.8 |
| Shinhan BNPP AM | 9.3 | 10.6 | -11.8 | 4.6 | 4.7 | -3.1 |
| Shinhan Capital | 29.2 | 24.4 | 19.9 | 17.6 | 11.7 | 50.4 |
| Shinhan Savings Bank | 4.4 | -25.1 | n.a. | 4.6 | -0.1 | n.a. |
| Shinhan Data System | 1.0 | 1.6 | -34.8 | 0.4 | 0.6 | -28.5 |
| Shinhan AITAS | 2.3 | 1.7 | 37.8 | 1.1 | 1.3 | -16.6 |
| Shinhan Credit Information | 0.7 | 0.3 | 144.9 | 0.7 | -0.0 | n.a. |
| Shinhan Private Equity | 0.3 | 1.6 | -79.1 | 0.3 | -0.0 | n.a. |
| Total (a+b) | 1,299.8 | 1,212.4 | 7.2 | 666.9 | 632.8 | 5.4 |
| Consolidate Net Income[1)] | 1,136.0 | 1,036.3 | 9.6 | 577.6 | 558.4 | 3.4 |

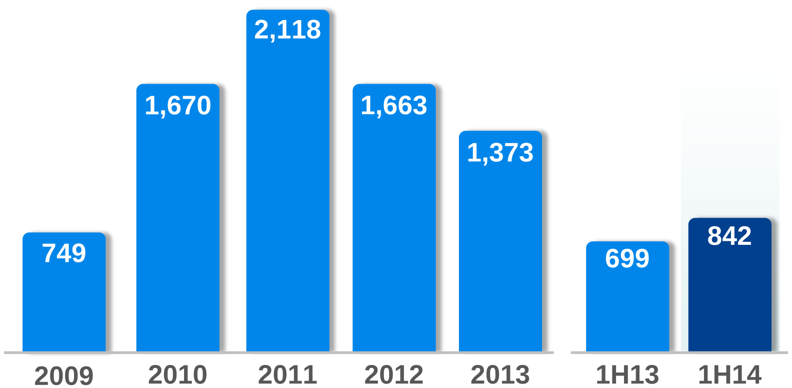
1) Net Income in Controlling Interest

# SHB Income / NIM

SHINHAN FINANCIAL GROUP

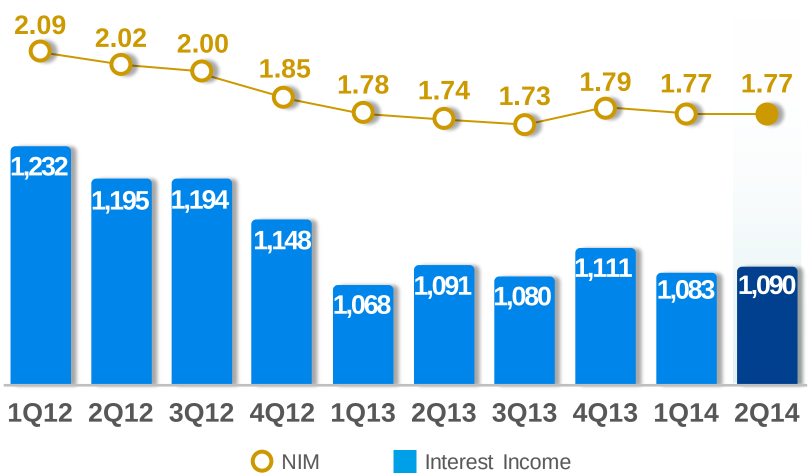
## Net Income

(KRW bil.)




## Interest Income/NIM(Quarterly)

(%, KRW bil.)




| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Operating Income (a=b+c) | 2,644.0 | 2,595.9 | 1.9 | 1,388.6 | 1,255.4 | 10.6 |
| Interest Income (b) | 2,173.5 | 2,159.8 | 0.6 | 1,090.4 | 1,083.1 | 0.7 |
| Non-Interest Income (c) | 470.6 | 436.1 | 7.9 | 298.2 | 172.3 | 73.1 |
| G&A Expenses (d) | 1,350.2 | 1,361.3 | -0.8 | 685.7 | 664.5 | 3.2 |
| Pre-Provision Oper.Income (e=a-d) | 1,293.9 | 1,234.6 | 4.8 | 703.0 | 590.9 | 19.0 |
| Non-Operating Income (f) | 20.1 | 26.0 | -22.9 | 13.0 | 7.1 | 83.2 |
| Pre-Provision Income (g=e+f) | 1,313.9 | 1,260.6 | 4.2 | 716.0 | 597.9 | 19.7 |
| Provision for Credit Losses (h) | 251.0 | 382.0 | -34.3 | 193.8 | 57.2 | 238.9 |
| Earnings before Income Tax (i=g-h) | 1,062.9 | 878.6 | 21.0 | 522.2 | 540.8 | -3.4 |
| Income Tax | 220.8 | 179.6 | 23.0 | 105.2 | 115.6 | -9.0 |
| Net Income [1)] | 841.9 | 698.9 | 20.5 | 416.8 | 425.1 | -2.0 |

1) Net Income in Controlling Interest

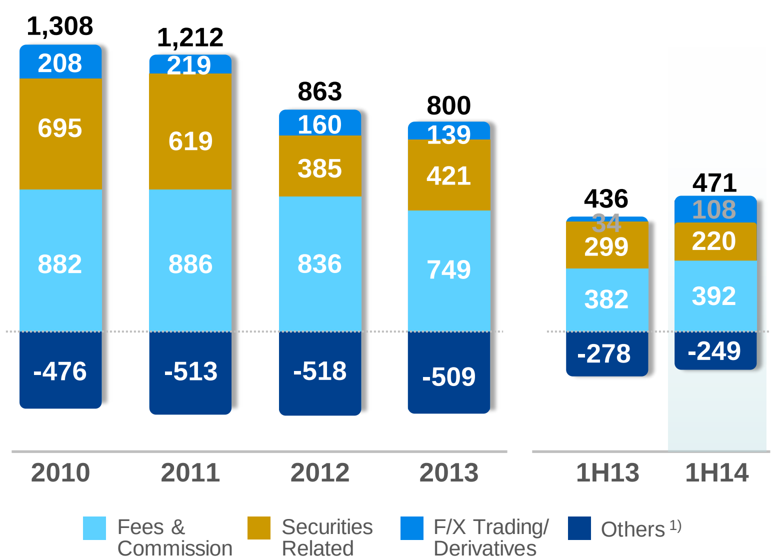
| (%) | 1Q12 | 2Q12 | 3Q12 | 4Q12 | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 1Q14 | 2Q14 |
|---|---|---|---|---|---|---|---|---|---|---|
| NIS (a-b) (quarterly) | 2.23 | 2.16 | 2.11 | 1.95 | 1.87 | 1.87 | 1.83 | 1.91 | 1.91 | 1.89 |
| Loan interest rate (a) | 5.47 | 5.39 | 5.24 | 4.92 | 4.69 | 4.52 | 4.36 | 4.30 | 4.20 | 4.13 |
| Deposit interest rate (b) | 3.24 | 3.23 | 3.12 | 2.97 | 2.81 | 2.65 | 2.52 | 2.39 | 2.29 | 2.24 |
| NIM(quarterly) | 2.09 | 2.02 | 2.00 | 1.85 | 1.78 | 1.74 | 1.73 | 1.79 | 1.77 | 1.77 |
| NIM(cumulative figures) | 2.09 | 2.05 | 2.03 | 1.99 | 1.78 | 1.76 | 1.75 | 1.76 | 1.77 | 1.77 |

# SHB Non-Interest Income / G&A Expenses

SHINHAN FINANCIAL GROUP

## Non-Interest Income

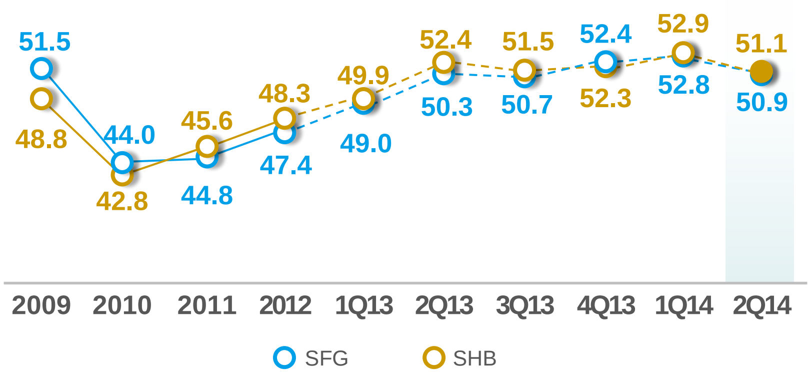
(KRW bil.)




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

## Cost-Income Ratio

(%)




Note) Cumulative Figures

| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Non-Interest Income | 470.6 | 436.1 | 7.9 | 298.2 | 172.3 | 73.1 |
| Fees & Commission | 391.7 | 381.7 | 2.6 | 209.7 | 182.0 | 15.3 |
| (Fund) | 51.9 | 61.2 | -15.2 | 26.4 | 25.5 | 3.7 |
| (Bancassurance) | 43.8 | 51.1 | -14.3 | 24.2 | 19.6 | 23.6 |
| (Trust Fees) | 23.6 | 21.8 | 8.1 | 12.5 | 11.1 | 13.3 |
| Securities Related | 220.2 | 299.1 | -26.4 | 164.3 | 55.9 | 193.7 |
| FX Trading/Derivatives | 107.6 | 33.5 | 221.1 | 38.4 | 69.1 | -44.4 |
| Others | -248.9 | -278.1 | n.a. | -114.2 | -134.7 | n.a. |
| (Contribution Expenses ) | -120.1 | -122.6 | n.a. | -60.9 | -59.1 | n.a. |
| (Insurance Fees on Deposits) | -122.4 | -118.5 | n.a. | -61.4 | -61.0 | n.a. |

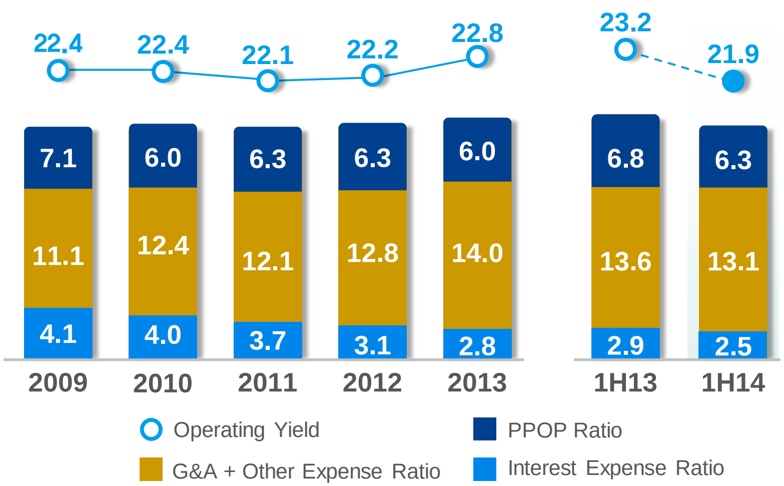
| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| G&A Expenses | 1,350.2 | 1,361.3 | -0.8 | 685.7 | 664.5 | 3.2 |
| Salary & Employee Benefits | 780.7 | 788.5 | -1.0 | 383.4 | 397.3 | -3.5 |
| D & A | 103.3 | 97.9 | 5.6 | 51.1 | 52.2 | -2.1 |
| Other Expenses | 466.1 | 475.0 | -1.9 | 251.1 | 215.0 | 16.8 |

# Shinhan Card Income

SHINHAN FINANCIAL GROUP

## Operating Yield and PPOP Ratio

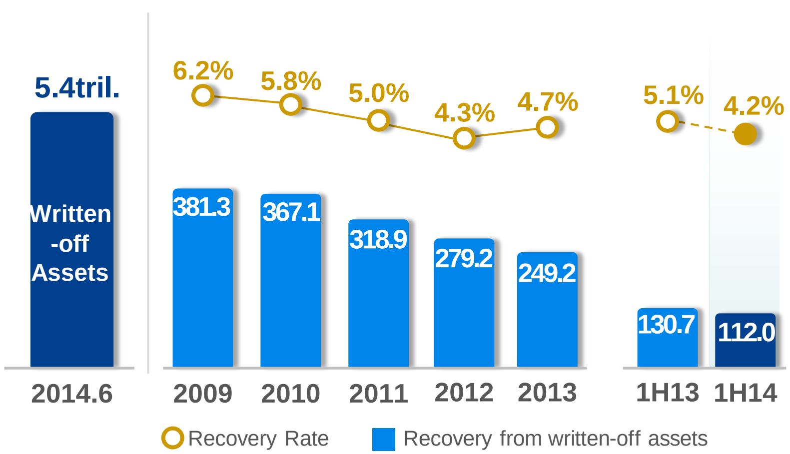
(%)




Note) Net of Derivatives & F/X

## Recovery from Written-off Assets

(KRW bil.)




| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Operating Revenue (a) | 2,241.6 | 2,440.4 | -8.1 | 1,146.9 | 1,094.7 | 4.8 |
| Card Business | 1,861.2 | 1,870.9 | -0.5 | 941.2 | 920.0 | 2.3 |
| Installment Finance | 42.3 | 47.6 | -11.2 | 21.4 | 20.9 | 2.3 |
| Lease | 18.4 | 21.9 | -16.1 | 9.0 | 9.4 | -4.3 |
| Others | 319.7 | 500.1 | -36.1 | 175.3 | 144.4 | 21.4 |
| (Derivatives & FX) | 61.9 | 142.6 | -56.6 | 33.9 | 28.0 | 20.9 |
| Interest Expense (b) | 249.9 | 282.3 | -11.5 | 123.8 | 126.1 | -1.8 |
| G&A Expenses (c) | 324.5 | 322.9 | 0.5 | 164.0 | 160.5 | 2.1 |
| Commissions & Other Expenses (d) | 1,040.8 | 1,160.5 | -10.3 | 508.7 | 532.1 | -4.4 |
| (Derivatives & FX) | 52.5 | 134.2 | -60.9 | 29.2 | 23.3 | 25.5 |
| Pre-Provision Income (e=a-b-c-d) | 626.3 | 674.8 | -7.2 | 350.4 | 275.9 | 27.0 |
| Provision for Credit Losses (f) | 215.9 | 188.7 | 14.4 | 124.4 | 91.4 | 36.1 |
| Earnings before Income Tax (g=e-f) | 410.5 | 486.0 | -15.6 | 226.0 | 184.5 | 22.5 |
| Income Tax | 92.8 | 111.7 | -16.9 | 49.5 | 43.3 | 14.2 |
| Net Income | 317.7 | 374.4 | -15.2 | 176.5 | 141.2 | 25.0 |

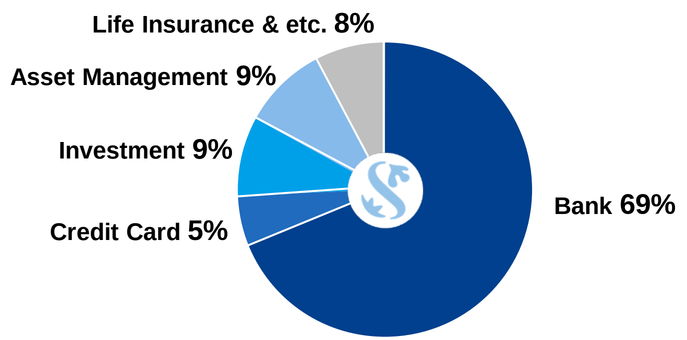
# Ⅲ. Assets & Liabilities

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

# SFG Asset Growth

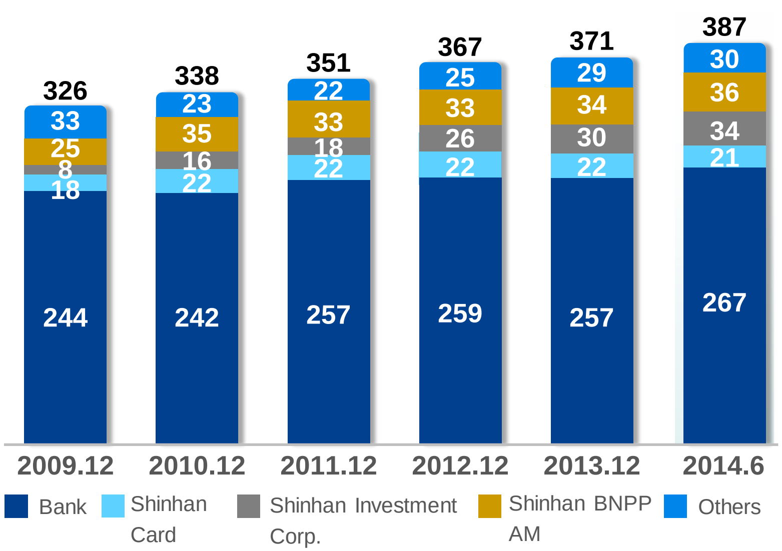
SHINHAN FINANCIAL GROUP

## Asset Contribution by Subsidiary




## SFG Total Assets

(KRW tril.)




| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| **Bank (a)** | 266,803.5 | 257,033.8 | 3.8 | 261,938.2 | 1.9 |
| **Shinhan Bank** | 263,514.5 | 253,837.7 | 3.8 | 258,736.5 | 1.8 |
| **Jeju Bank** | 3,288.9 | 3,196.0 | 2.9 | 3,201.7 | 2.7 |
| **Non-Bank (b)** | 117,209.0 | 111,009.4 | 5.6 | 116,543.5 | 0.6 |
| **Shinhan Card** | 21,139.2 | 21,649.2 | -2.4 | 21,648.7 | -2.4 |
| Shinhan Investment Corp. | 33,501.8 | 30,039.9 | 11.5 | 33,837.3 | -1.0 |
| Shinhan Life Insurance | 20,657.3 | 19,385.2 | 6.6 | 19,997.7 | 3.3 |
| **Shinhan BNPP AM** | 35,926.0 | 33,675.1 | 6.7 | 34,659.2 | 3.7 |
| **Shinhan Capital** | 3,741.1 | 3,772.4 | -0.8 | 3,797.7 | -1.5 |
| Shinhan Savings Bank | 811.7 | 777.1 | 4.4 | 789.3 | 2.8 |
| Shinhan Data System | 24.3 | 20.5 | 18.2 | 21.2 | 14.5 |
| **Shinhan AITAS** | 32.9 | 34.6 | -5.0 | 32.1 | 2.5 |
| Shinhan Credit Information | 21.0 | 21.0 | -0.2 | 20.0 | 5.0 |
| **Shinhan Private Equity** | 573.3 | 572.9 | 0.1 | 561.9 | 2.0 |
| **Others** | 780.6 | 1,061.5 | -26.5 | 1,178.5 | -33.8 |
| **Total** [1] | 387,232.3 | 371,462.8 | 4.2 | 382,093.7 | 1.3 |
| Consolidate Total Assets | 323,011.8 | 311,296.8 | 3.8 | 318,808.1 | 1.3 |

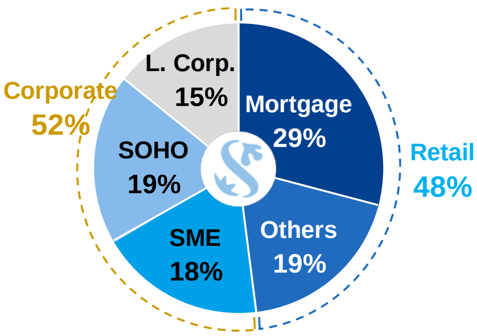
Note) Trust A/C of Shinhan Investment Corp. and AUM(Including discretionary assets) of Shinhan BNPP AM is included

# SHB Loan / Deposit Growth

SHINHAN FINANCIAL GROUP

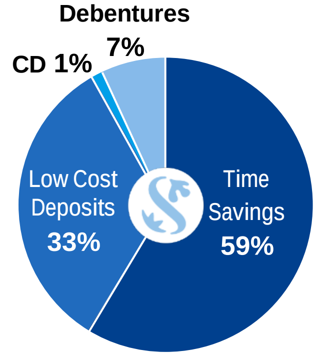
## Loan Composition

(As of June 30, 2014)




## Funding Composition

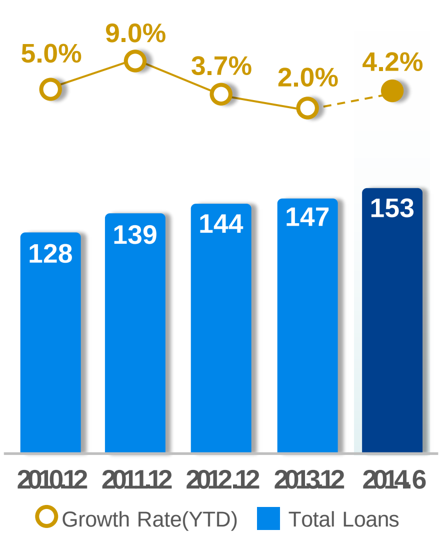
(As of June 30, 2014)



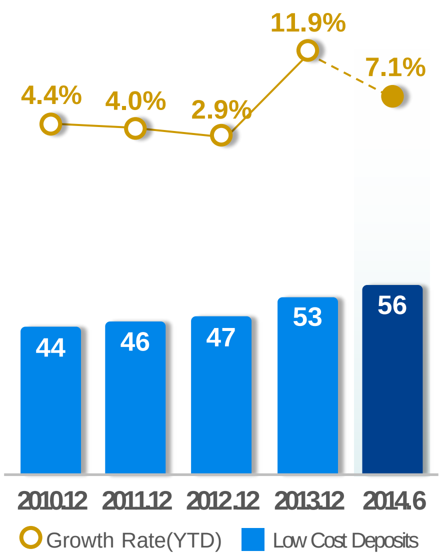

| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Loan in KRW | 153,263 | 147,048 | 4.2 | 149,586 | 2.5 |
| Retail | 73,666 | 71,846 | 2.5 | 72,349 | 1.8 |
| Mortgage | 44,725 | 44,257 | 1.1 | 44,245 | 1.1 |
| Others [1] | 28,941 | 27,589 | 4.9 | 28,104 | 3.0 |
| Corporate | 79,597 | 75,202 | 5.8 | 77,237 | 3.1 |
| SME | 57,271 | 55,062 | 4.0 | 55,942 | 2.4 |
| SOHO | 29,092 | 27,732 | 4.9 | 28,085 | 3.6 |
| Large Corporate etc. | 22,326 | 20,140 | 10.9 | 21,295 | 4.8 |
| Loan in FX | 5,788 | 5,292 | 9.4 | 5,728 | 1.0 |

Note) Including Unsecured Personal Loans, Commercial Mortgage Loans, Jeonse Loans etc.

## KRW Loan Growth (KRW tril.)




## Low Cost Deposits (KRW tril.)



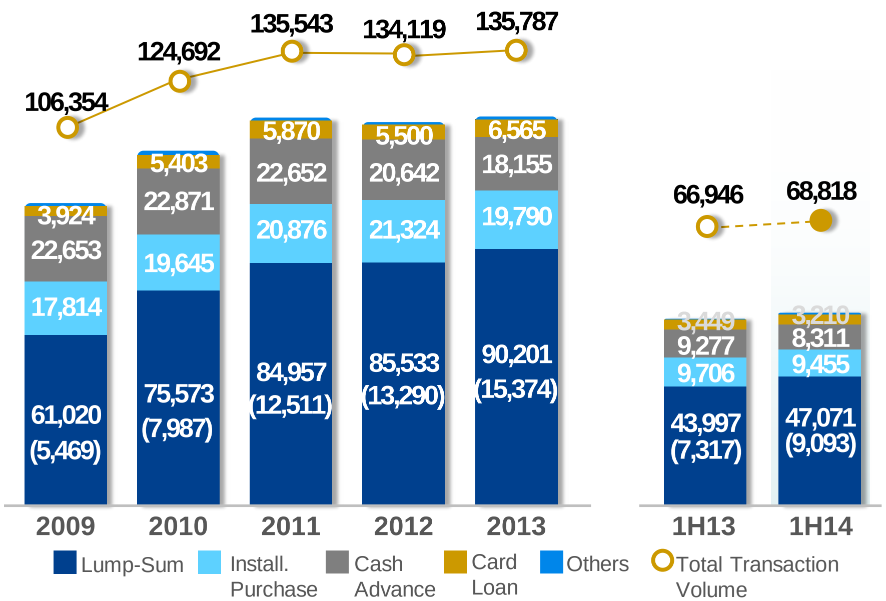

| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Total Deposits in KRW | 157,289 | 150,479 | 4.5 | 151,709 | 3.7 |
| Low Cost Deposits | 56,449 | 52,697 | 7.1 | 54,581 | 3.4 |
| Demand | 19,432 | 17,691 | 9.8 | 18,636 | 4.3 |
| Savings | 37,017 | 35,006 | 5.7 | 35,945 | 3.0 |
| Time Savings | 100,840 | 97,782 | 3.1 | 97,129 | 3.8 |
| Time Deposits | 92,814 | 89,642 | 3.5 | 89,376 | 3.8 |
| Accumulative etc. | 8,027 | 8,141 | -1.4 | 7,753 | 3.5 |
| Certificate of Deposits | 1,738 | 1,476 | 17.8 | 1,812 | -4.1 |
| Debentures in KRW | 12,369 | 13,787 | -10.3 | 12,990 | -4.8 |

# Shinhan Card Asset Growth



## Transaction Volume

(KRW bil.)

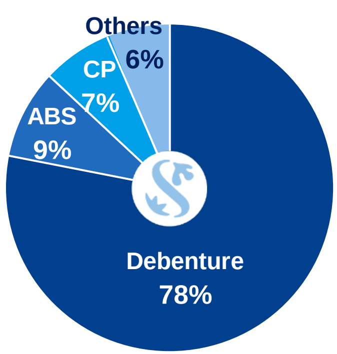



Note) Figs. in parenthesis represent debit card transaction volume

| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Earning Assets | 19,415 | 19,626 | -1.1 | 19,371 | 0.2 |
| Credit Purchase | 10,485 | 10,954 | -4.3 | 10,582 | -0.9 |
| Cash Advances | 2,287 | 2,368 | -3.4 | 2,332 | -1.9 |
| Card Loan | 4,413 | 4,261 | 3.6 | 4,346 | 1.6 |
| (Re-aged Loan) | 236 | 225 | 4.9 | 231 | 2.0 |
| Installment Finance | 1,374 | 1,213 | 13.3 | 1,267 | 8.4 |
| Lease etc. | 856 | 830 | 3.1 | 844 | 1.4 |
| Effective Cardholders (in thousands) | 12,857 | 13,385 | -4.0 | 13,071 | -1.6 |
| Merchants (in thousands) | 2,434 | 2,392 | 1.7 | 2,409 | 1.0 |

## Funding Composition

(As of June 30, 2014)




| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Total Funding | 11,714 | 12,067 | -2.9 | 11,911 | -1.7 |
| Debentures | 9,156 | 8,701 | 5.2 | 8,936 | 2.5 |
| ABS | 1,014 | 1,583 | -35.9 | 1,176 | -13.7 |
| CP | 843 | 1,013 | -16.8 | 1,043 | -19.2 |
| Others | 701 | 770 | -9.0 | 756 | -7.3 |

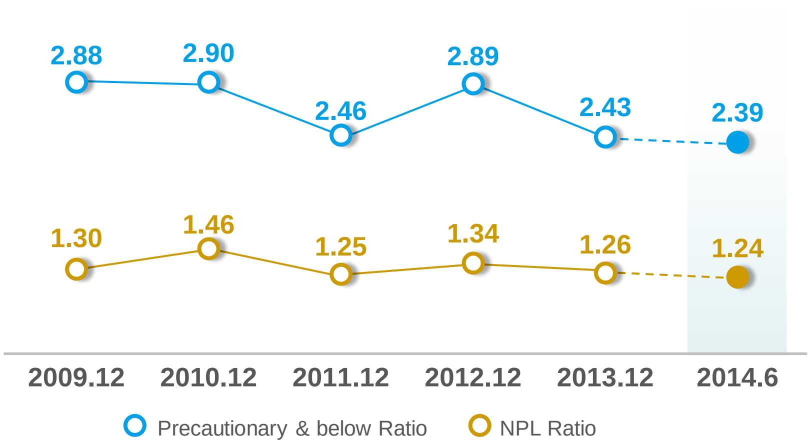
# Ⅳ. Asset Quality

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

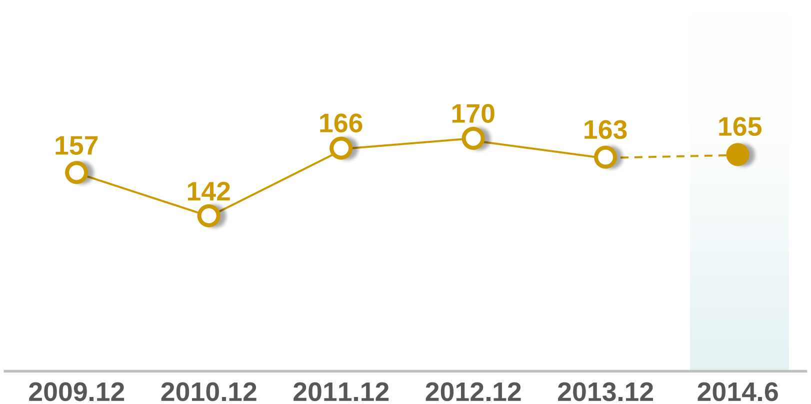
# SFG Asset Quality



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




## NPL Coverage Ratio (%)



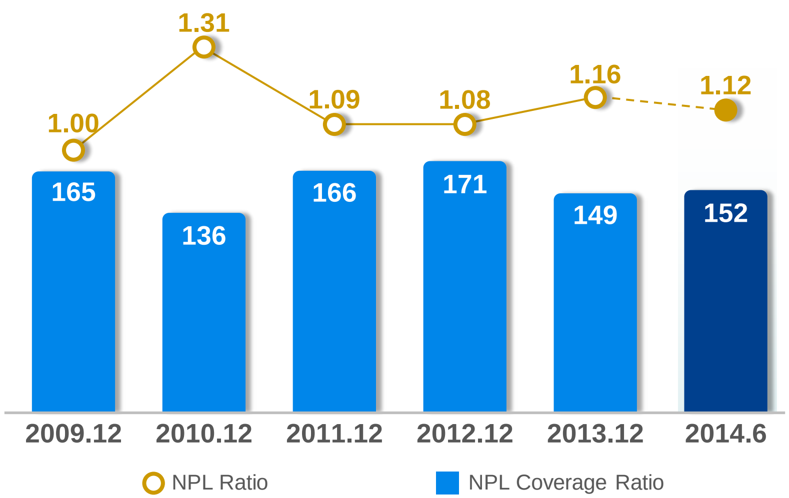

| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Total Loans [1] | 210,229 | 202,381 | 3.9 | 206,288 | 1.9 |
| Normal | 205,201 | 197,453 | 3.9 | 201,297 | 1.9 |
| Precautionary | 2,420 | 2,370 | 2.1 | 2,380 | 1.7 |
| Substandard | 1,045 | 1,083 | -3.5 | 1,126 | -7.3 |
| Doubtful | 423 | 372 | 13.6 | 401 | 5.3 |
| Estimated Loss | 1,141 | 1,103 | 3.4 | 1,083 | 5.3 |
| Substandard & Below | 2,608 | 2,558 | 2.0 | 2,611 | -0.1 |
| NPL Ratio | 1.24% | 1.26% | -0.02%p | 1.27% | -0.03%p |
| Loan Loss Allowance [2] | 4,298 | 4,178 | 2.9 | 4,208 | 2.1 |
| NPL Coverage Ratio | 165% | 163% | 2%p | 161% | 4%p |
| Reserve for credit losses [3] | 1,894 | 1,821 | 4.0 | 1,908 | -0.7 |

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

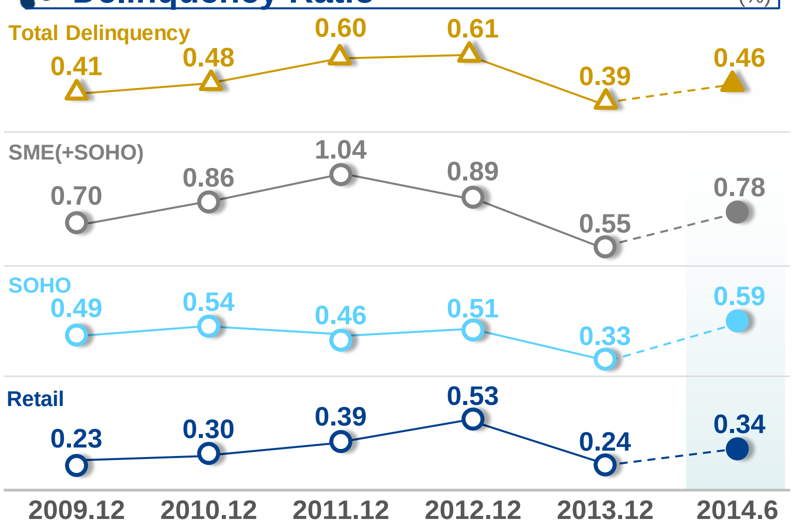
# SHB Asset Quality

SHINHAN FINANCIAL GROUP

## NPL Ratio & NPL Coverage Ratio




## Delinquency Ratio




Note) 1 month overdue

| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Total Loans | 178,303 | 170,767 | 4.4 | 174,635 | 2.1 |
| Normal | 174,886 | 167,398 | 4.5 | 171,197 | 2.2 |
| Precautionary | 1,416 | 1,384 | 2.4 | 1,431 | -1.0 |
| Substandard | 884 | 913 | -3.2 | 957 | -7.6 |
| Doubtful | 296 | 257 | 15.2 | 298 | -0.6 |
| Estimated Loss | 821 | 815 | 0.8 | 753 | 9.0 |
| Substandard & Below | 2,001 | 1,985 | 0.8 | 2,008 | -0.3 |
| NPL Ratio | 1.12% | 1.16% | -0.04%p | 1.15% | -0.03%p |
| Loan Loss Allowance [1] | 3,039 | 2,962 | 2.6 | 2,957 | 2.8 |
| NPL Coverage Ratio | 152% | 149% | 3%p | 147% | 5%p |
| Reserve for credit losses [2] | 1,532 | 1,469 | 4.3 | 1,542 | -0.7 |

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

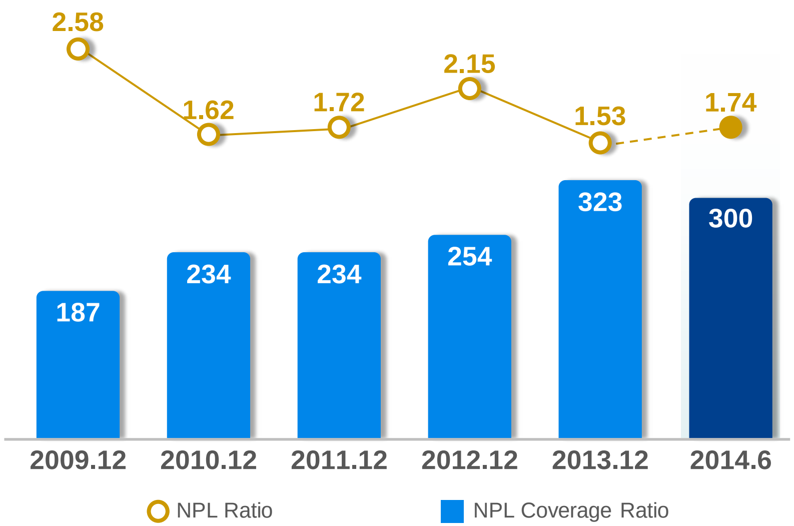
2) Excluding reserve for contingent acceptances & guarantees and unused credit lines

# Shinhan Card Asset Quality

SHINHAN FINANCIAL GROUP

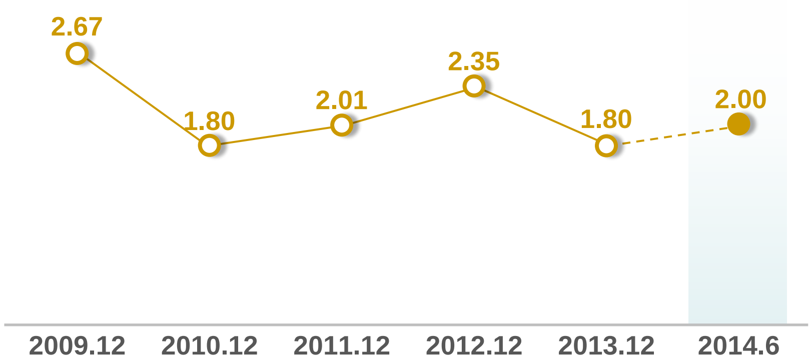
## NPL Ratio & NPL Coverage Ratio

(%)




## Delinquency Ratio

(%)




Note) 1 month overdue from total credit

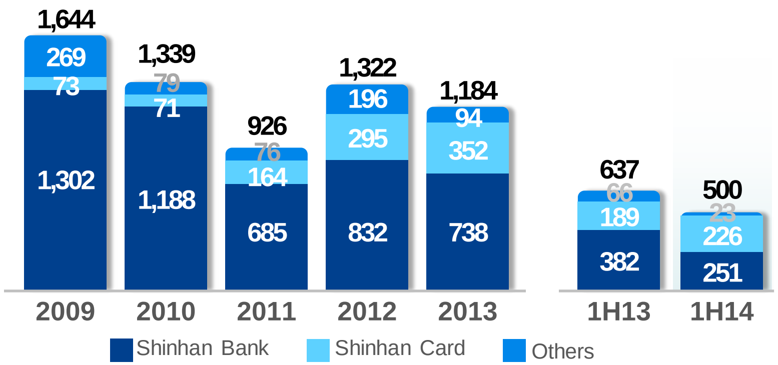
| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Total Loans | 19,415 | 19,626 | -1.1 | 19,371 | 0.2 |
| Normal | 18,340 | 18,609 | -1.4 | 18,307 | 0.2 |
| Precautionary | 738 | 716 | 3.1 | 722 | 2.1 |
| Substandard | - | - | - | - | - |
| Doubtful | 82 | 84 | -2.9 | 82 | 0.6 |
| Estimated Loss | 256 | 217 | 18.0 | 259 | -1.5 |
| Substandard & Below | 338 | 301 | 12.2 | 341 | -1.0 |
| NPL Ratio | 1.74% | 1.53% | 0.21%p | 1.76% | -0.02%p |
| Loan Loss Allowance [1] | 1,013 | 971 | 4.3 | 1,005 | 0.8 |
| NPL Coverage Ratio | 300% | 323% | -23%p | 295% | 5%p |
| Reserve for credit losses | 308 | 312 | -1.1 | 311 | -1.0 |

Note 1) Excluding reserve for contingent acceptances & guarantees and unused credit lines

# Provision for Credit Losses / Write-Offs

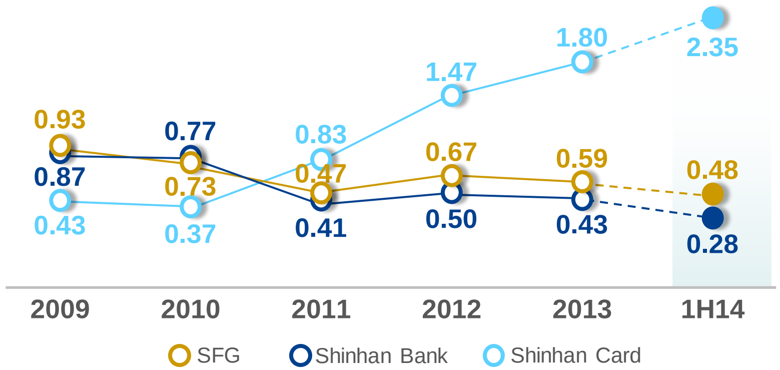
## Provision for Credit Losses

(KRW bil.)



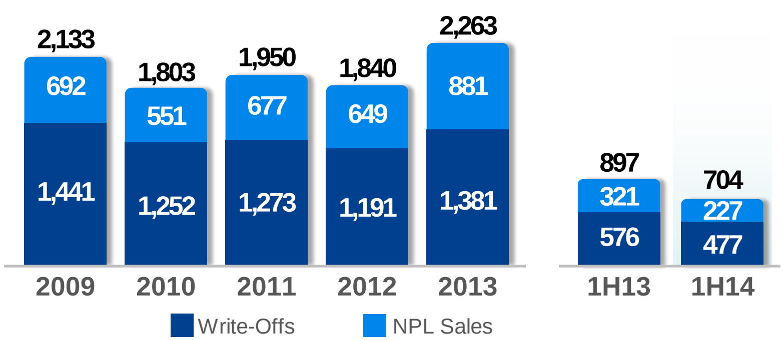

## Credit Cost Ratio

(%)




## Write-Offs & NPL Sales

(KRW bil.)




## Credit Costs

| (KRW bil.) | FY14 | 1Q | 2Q | FY13 | 1Q | 2Q | 3Q | 4Q |
|---|---|---|---|---|---|---|---|---|
| Shinhan Bank [1] | 237 | 51 | 187 | 711 | 246 | 133 | 111 | 221 |
| Retail | 67 | 37 | 30 | 156 | 107 | 32 | 39 | -22 |
| Corporate | 171 | 14 | 157 | 555 | 139 | 101 | 72 | 242 |
| Shinhan Card [2] | 216 | 91 | 124 | 352 | 87 | 102 | 82 | 82 |
| Total | 453 | 142 | 311 | 1,064 | 333 | 235 | 193 | 303 |

Note 1) SHB figures are seperate basis

Note 2) SHC figs. excluding Provision for Other Allowances

## Write-Offs & NPL Sales

| (KRW bil.) | FY14 | 1Q | 2Q | FY13 | 1Q | 2Q | 3Q | 4Q |
|---|---|---|---|---|---|---|---|---|
| Shinhan Bank | 451 | 198 | 253 | 1,568 | 128 | 412 | 237 | 791 |
| (Sale) | 227 | 68 | 159 | 806 | 75 | 172 | 142 | 418 |
| Retail | 106 | 31 | 75 | 527 | 49 | 92 | 88 | 299 |
| (Sale) | 91 | 25 | 67 | 346 | 17 | 62 | 62 | 204 |
| Corporate | 345 | 167 | 178 | 1,041 | 79 | 321 | 150 | 492 |
| (Sale) | 136 | 44 | 92 | 461 | 58 | 109 | 80 | 214 |
| Shinhan Card | 253 | 104 | 148 | 694 | 140 | 216 | 152 | 186 |
| Total | 704 | 302 | 402 | 2,263 | 268 | 629 | 389 | 976 |

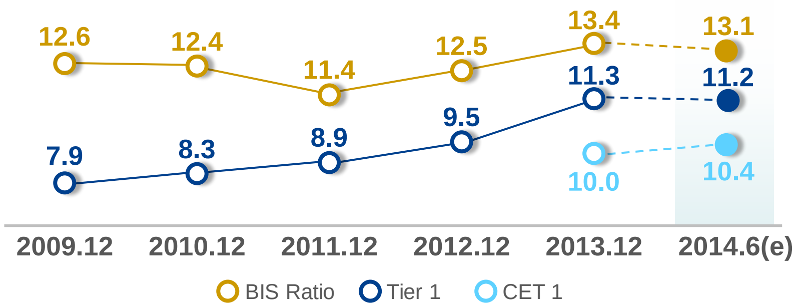
# Ⅴ. Capital Adequacy

## 1. Capital Adequacy

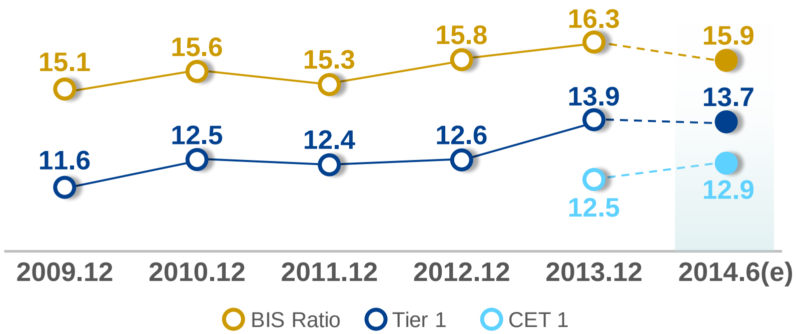
# Capital Adequacy

SHINHAN FINANCIAL GROUP

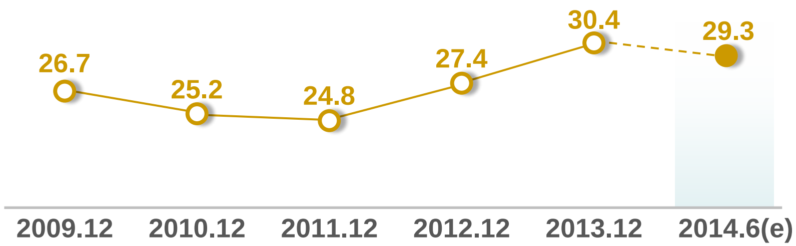
## Group BIS Ratio




## Shinhan Bank BIS Ratio




## Shinhan Card Capital Adequacy Ratio




Note) Figs. from 2013.12 Group/Bank based on Basel3, Figs. up to 2013.9, Group based on Basel1, Bank based on Basel2

## Group BIS Ratio

| (KRW bil.) | 2014.6(e) | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Risk-Weighted Assets | 192,839 | 190,717 | 1.1 | 189,934 | 1.5 |
| Capital | 25,285 | 25,606 | -1.3 | 25,243 | 0.2 |
| CET 1 | 20,139 | 19,120 | 5.3 | 19,588 | 2.8 |
| Tier 1 | 21,628 | 21,538 | 0.4 | 21,603 | 0.1 |
| BIS Ratio | 13.1% | 13.4% | -0.3%p | 13.3% | -0.2%p |
| CET 1 | 10.4% | 10.0% | 0.4%p | 10.3% | 0.1%p |
| Tier 1 | 11.2% | 11.3% | -0.1%p | 11.4% | -0.2%p |

## Shinhan Bank BIS Ratio

| (KRW bil.) | 2014.6(e) | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Risk-Weighted Assets | 130,626 | 129,277 | 1.0 | 128,408 | 1.7 |
| Capital | 20,747 | 21,057 | -1.5 | 20,927 | -0.9 |
| CET 1 | 16,844 | 16,130 | 4.4 | 16,460 | 2.3 |
| Tier 1 | 17,946 | 18,021 | -0.4 | 18,141 | -1.1 |
| BIS Ratio | 15.9% | 16.3% | -0.4%p | 16.3% | -0.4%p |
| CET 1 | 12.9% | 12.5% | 0.4%p | 12.8% | 0.1%p |
| Tier 1 | 13.7% | 13.9% | -0.2%p | 14.1% | -0.4%p |

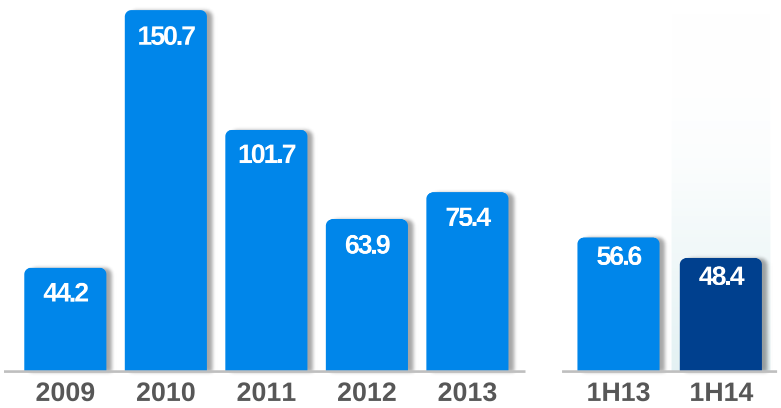
# Ⅵ. Appendix

1. SFG Subsidiaries
2. Key Financial Indices
3. SHB SME Loans
4. SHB Retail Loans

# SFG Subsidiaries_Shinhan Investment Corp. (1)

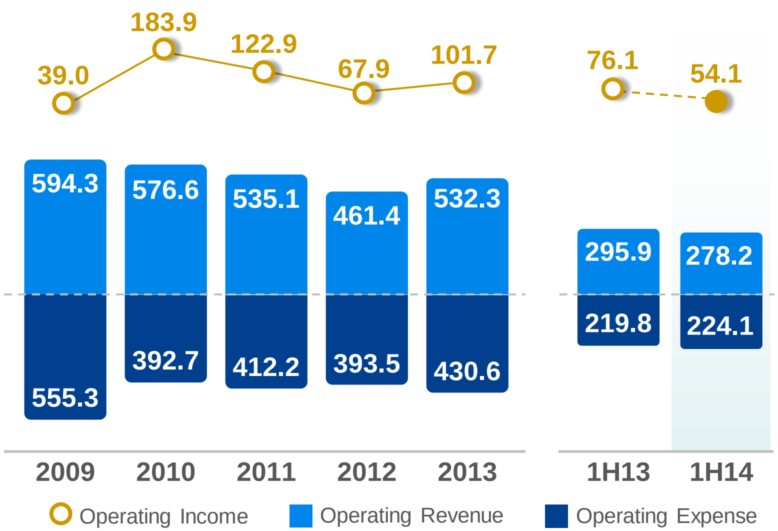
## Net Income

(KRW bil.)




## Operating Income

(KRW bil.)




## Condensed I/S & Key Financial Indices

| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Operating Revenue | 278.2 | 295.9 | -6.0 | 133.7 | 144.5 | -7.5 |
| Fees & Commission | 134.1 | 143.0 | -6.2 | 68.8 | 65.3 | 5.3 |
| Proprietary Trading | 123.4 | 76.1 | 62.2 | 59.1 | 64.3 | -8.0 |
| Others | 20.7 | 76.8 | -73.1 | 5.8 | 14.9 | -61.4 |
| Operating Expense | 224.1 | 219.8 | 1.9 | 112.3 | 111.8 | 0.5 |
| G&A Expenses | 196.0 | 185.8 | 5.5 | 97.8 | 98.2 | -0.5 |
| Commission Expense | 28.3 | 24.8 | 14.0 | 14.0 | 14.3 | -2.0 |
| Provision for Credit Losses | -0.2 | 9.2 | n.a. | 0.5 | -0.8 | n.a. |
| Operating Income | 54.1 | 76.1 | -28.9 | 21.4 | 32.8 | -34.9 |
| Net Income | 48.4 | 56.6 | -14.5 | 21.7 | 26.7 | -18.8 |
| Net Capital Ratio(%) | 467.3% | 652.1% | -184.8%p | 467.3% | 481.4% | -14.1%p |
| ROE | 4.3% | 5.1% | -0.8%p | 4.3% | 4.8% | -0.5%p |
| ROA | 0.5% | 0.6% | -0.1%p | 0.5% | 0.5% | -0.0%p |

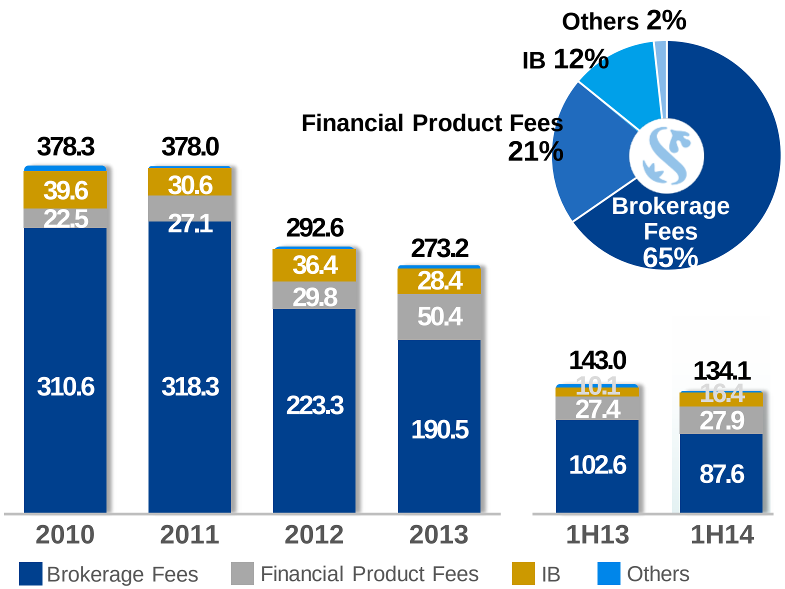
Note) ROE, ROA are calculated on a cumulative basis

# SFG Subsidiaries_Shinhan Investment Corp. (2)

SHINHAN FINANCIAL GROUP

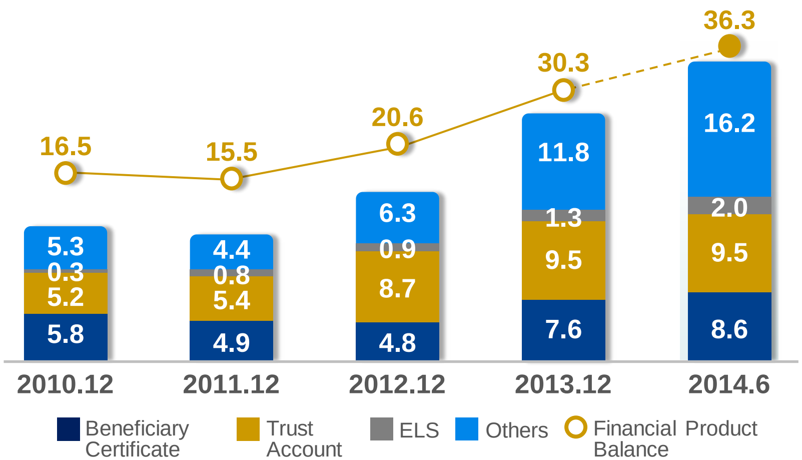
## Fees & Commission

(KRW bil.)




## Financial Products Note)

(KRW tril.)




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

## Fees & Commission

| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Fees & Commission | 134.1 | 143.0 | -6.2 | 68.8 | 65.3 | 5.3 |
| Brokerage Fees | 87.6 | 102.6 | -14.7 | 43.2 | 44.4 | -2.7 |
| Financial Product Fees | 27.9 | 27.4 | 1.7 | 16.9 | 10.9 | 54.5 |
| IB | 16.4 | 10.1 | 62.6 | 7.5 | 9.0 | -16.9 |
| Others | 2.3 | 3.0 | -22.9 | 1.2 | 1.0 | 18.9 |

## Balance of Financial Products

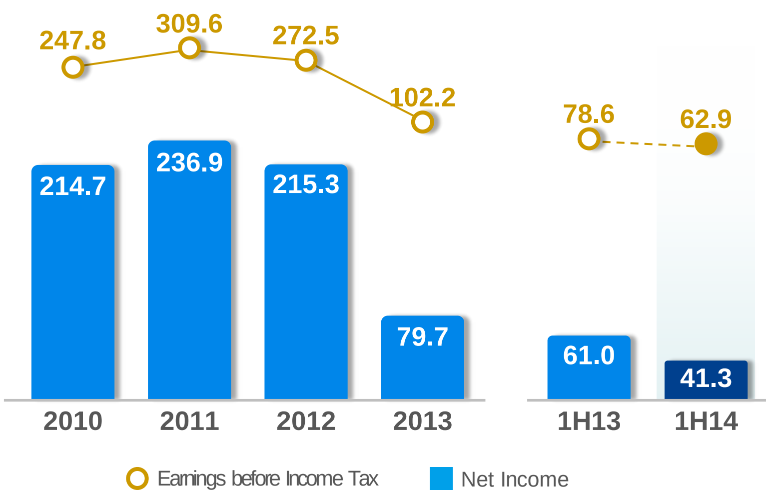
| (KRW tril.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Financial Products | 36.3 | 30.3 | 20.1 | 35.9 | 1.1 |
| Beneficiary Certificate | 8.6 | 7.6 | 12.8 | 8.1 | 5.7 |
| Trust Account | 9.5 | 9.5 | -0.3 | 11.1 | -14.6 |
| ELS | 2.0 | 1.3 | 52.2 | 1.7 | 18.8 |
| Others | 16.2 | 11.8 | 37.7 | 15.0 | 8.3 |

# SFG Subsidiaries_Shinhan Life Insurance (1)



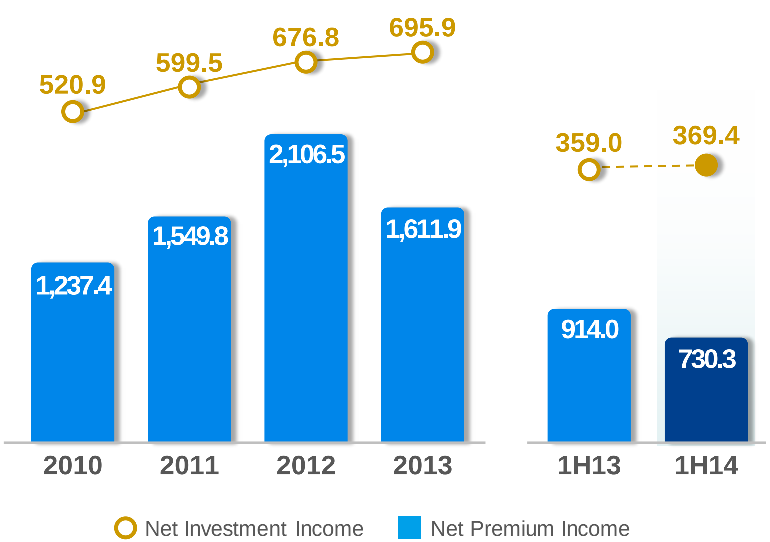
## Net Income

(KRW bil.)




## Investment Income & Premium Income

(KRW bil.)




## Condensed I/S & Key Financial Indices

| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| **Total Income** | 1,117.9 | 1,291.7 | -13.4 | 565.8 | 552.1 | 2.5 |
| Net Premium Income | 730.3 | 914.0 | -20.1 | 370.4 | 360.0 | 2.9 |
| Net Investment Income | 369.4 | 359.0 | 2.9 | 187.3 | 182.1 | 2.9 |
| Special Account/Others | 18.3 | 18.7 | -2.3 | 8.2 | 10.1 | -19.1 |
| Policy Reserve Write Back(△) | 1,055.1 | 1,213.1 | -13.0 | 530.6 | 524.4 | 1.2 |
| Earnings before Income Tax | 62.9 | 78.6 | -19.9 | 35.2 | 27.7 | 26.9 |
| **Net Income** | 41.3 | 61.0 | -32.4 | 19.5 | 21.8 | -10.8 |
| Solvency Margin Ratio | 251.8% | 258.4% | -6.6%p | 251.8% | 241.8% | 10.0%p |
| **ROE** | 6.1% | 9.2% | -3.1%p | 6.1% | 6.6% | -0.5%p |
| **ROA** | 0.4% | 0.7% | -0.3%p | 0.4% | 0.4% | 0.0%p |

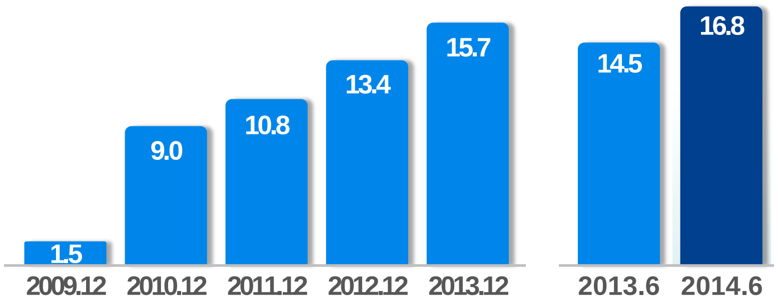
Note) ROE, ROA are calculated on a cumulative basis

# SFG Subsidiaries_Shinhan Life Insurance (2)

SHINHAN FINANCIAL GROUP

## Operating Assets

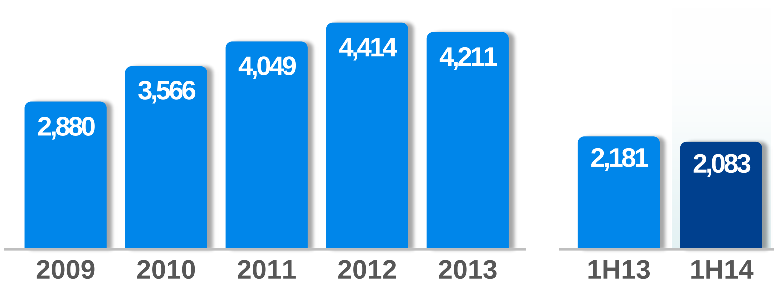
(KRW tril.)




Note) Excluding Retirement Pension

## Premium Received

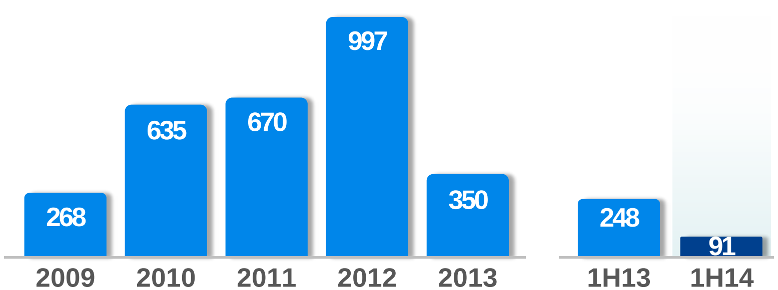
(KRW bil.)




Note) Excluding Retirement Pension

## New Premium

(KRW bil.)




Note) Excluding Retirement Pension

## Operating Assets & Special Account Assets

| (KRW bil.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Operating Assets | 16,838.1 | 15,684.5 | 7.4 | 16,192.4 | 4.0 |
| Fixed Income | 8,528.7 | 8,482.1 | 0.5 | 8,098.5 | 5.3 |
| Loans | 4,730.7 | 4,160.1 | 13.7 | 4,534.2 | 4.3 |
| Equities | 92.8 | 90.7 | 2.3 | 98.0 | -5.4 |
| Cash & Deposits | 1,285.0 | 916.6 | 40.2 | 1,092.5 | 17.6 |
| Others | 2,201.0 | 2,035.0 | 8.2 | 2,369.3 | -7.1 |
| Special Account | 2,290.0 | 2,108.6 | 8.6 | 2,226.7 | 2.8 |

## Premium Breakdown

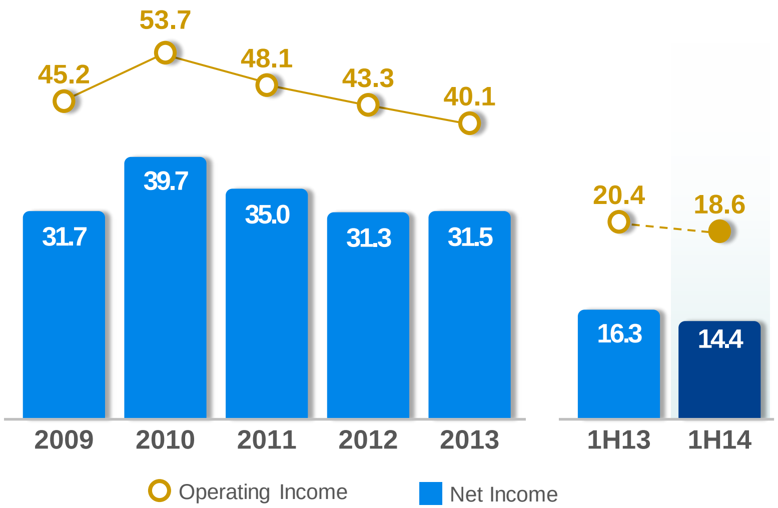
| (KRW bil.) | FY14 | | | FY13 | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 1Q | 2Q | | 1Q | 2Q | 3Q | 4Q |
| Prem. Received | 2,083 | 1,038 | 1,045 | 4,211 | 1,180 | 1,001 | 999 | 1,031 |
| New Premium | 91 | 50 | 41 | 350 | 206 | 41 | 39 | 63 |

Note) Excluding Retirement Pension

# SFG Subsidiaries_Shinhan BNPP AM

## Net Income

(KRW bil.)



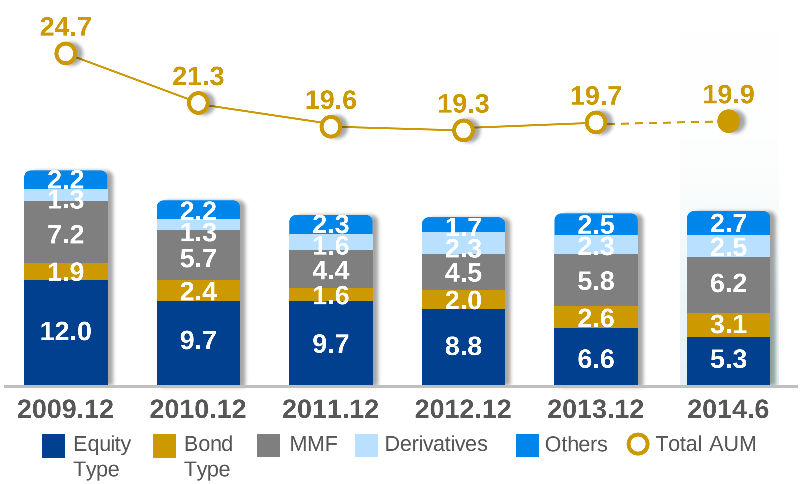

## Condensed I/S & Key Financial Indices

| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Operating Revenue | 45.1 | 49.4 | -8.6 | 22.7 | 22.4 | 1.1 |
| Operating Expense | 26.5 | 29.0 | -8.5 | 13.3 | 13.2 | 1.1 |
| (G&A Expenses) | 19.0 | 18.6 | 2.1 | 9.7 | 9.3 | 4.7 |
| Operating Income | 18.6 | 20.4 | -8.8 | 9.4 | 9.2 | 1.2 |
| Net Income | 14.4 | 16.3 | -11.8 | 7.1 | 7.3 | -3.1 |
| ROE | 19.4% | 23.3% | -3.9%p | 19.4% | 20.5% | -1.1%p |

Note) ROE is calculated on a cumulative basis

## Assets Under Management

(KRW tril.)




Note) Excluding discretionary accounts

## Assets Under Management

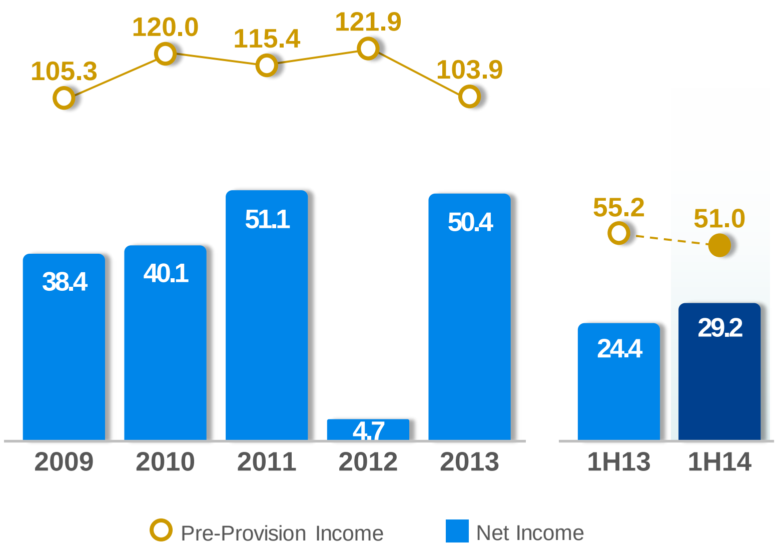
| (KRW tril.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Total AUM | 19.9 | 19.7 | 0.8 | 20.7 | -3.9 |
| Equity Type | 5.3 | 6.6 | -19.1 | 6.6 | -19.9 |
| Bond Type | 3.1 | 2.6 | 22.4 | 2.8 | 10.5 |
| MMF | 6.2 | 5.8 | 7.6 | 6.0 | 3.8 |
| Derivatives | 2.5 | 2.3 | 7.7 | 2.4 | 6.1 |
| Others | 2.7 | 2.5 | 8.8 | 2.9 | -5.7 |

# SFG Subsidiaries_Shinhan Capital

SHINHAN FINANCIAL GROUP

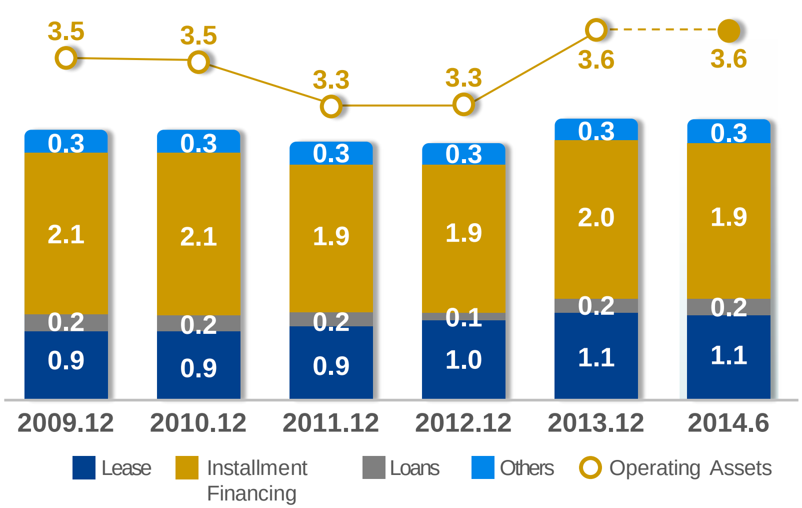
## Net Income

(KRW bil.)




## Operating Assets

(KRW tril.)




## Condensed I/S & Key Financial Indices

| (KRW bil.) | 1H14 | 1H13 | YoY% | 2Q14 | 1Q14 | QoQ% |
|---|---|---|---|---|---|---|
| Operating Revenue | 163.3 | 193.5 | -15.6 | 90.2 | 73.1 | 23.3 |
| Operating Expense | 112.3 | 138.3 | -18.7 | 61.0 | 51.4 | 18.7 |
| (Interest Expense) | 56.1 | 59.3 | -5.4 | 27.9 | 28.2 | -1.1 |
| (G&A Expenses) | 16.6 | 11.9 | 40.0 | 9.1 | 7.5 | 22.0 |
| Pre-Provision Income | 51.0 | 55.2 | -7.6 | 29.2 | 21.8 | 34.2 |
| Provision for Credit Losses | 14.0 | 22.0 | -36.5 | 6.6 | 7.4 | -10.5 |
| Net Income | 29.2 | 24.4 | 19.9 | 17.6 | 11.7 | 50.4 |
| ROE | 11.0% | 10.0% | 1.0%p | 11.0% | 8.9% | 2.1%p |
| ROA | 1.6% | 1.3% | 0.3%p | 1.6% | 1.2% | 0.4%p |

Note) ROE, ROA are calculated on a cumulative basis

## Operating Assets

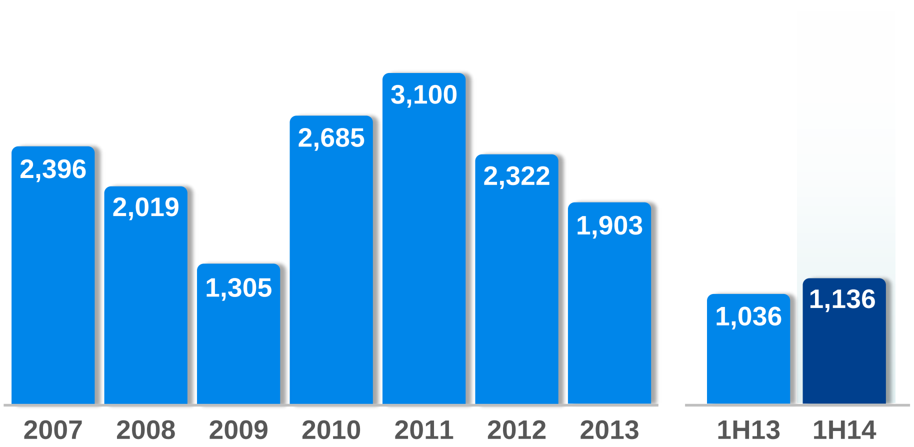
| (KRW tril.) | 2014.6 | 2013.12 | YTD% | 2014.3 | QoQ% |
|---|---|---|---|---|---|
| Operating Assets | 3.6 | 3.6 | -0.7 | 3.7 | -2.3 |
| Lease | 1.1 | 1.1 | 0.0 | 1.1 | -1.1 |
| Installment Financing | 0.2 | 0.2 | 22.6 | 0.2 | 11.4 |
| Loans | 1.9 | 2.0 | -3.3 | 2.0 | -3.8 |
| Others | 0.3 | 0.3 | -1.8 | 0.3 | -6.6 |

# Key Financial Indices

SHINHAN FINANCIAL GROUP

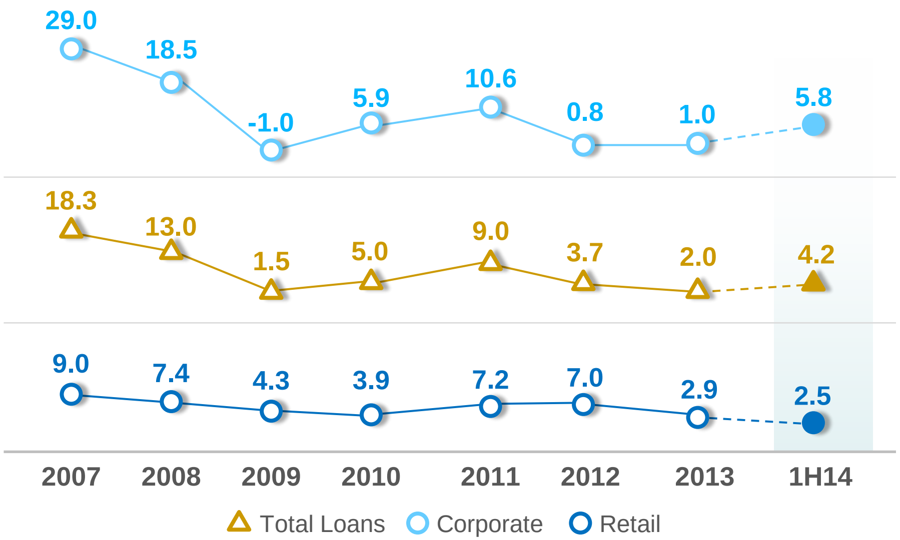
## Group Net Income

(KRW bil.)



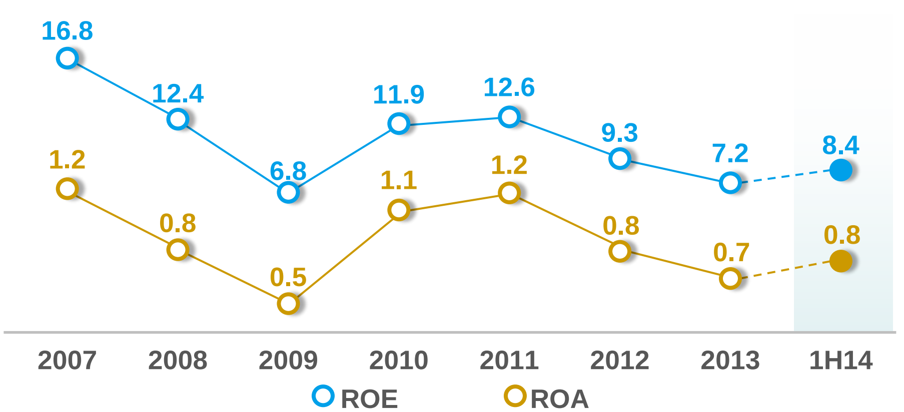

## SHB Loan Growth Rate

(%)




## ROA / ROE

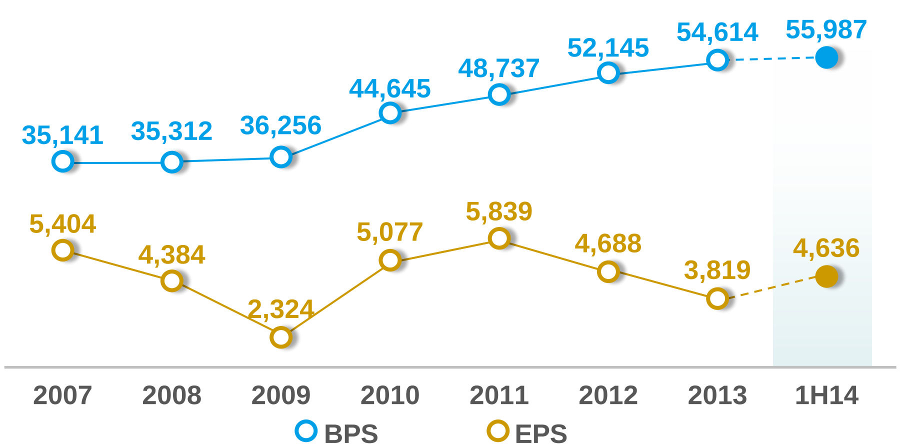
(%)




Note) ROE based on common stock

## BPS / EPS

(KRW)



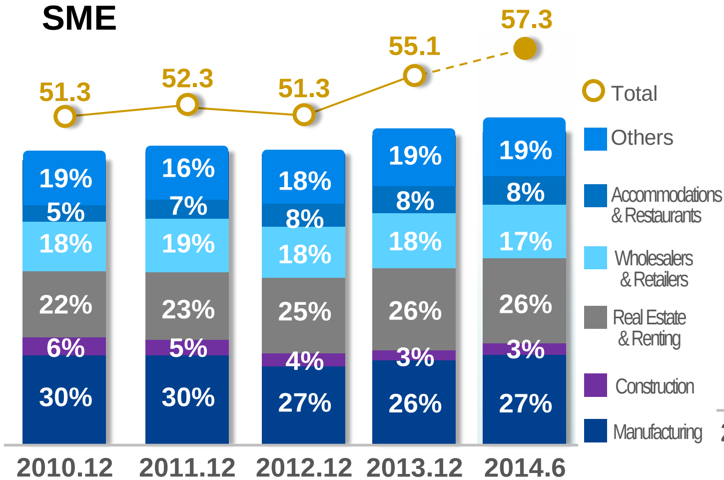

Note) Based on common stock

# SHB SME Loans

SHINHAN FINANCIAL GROUP

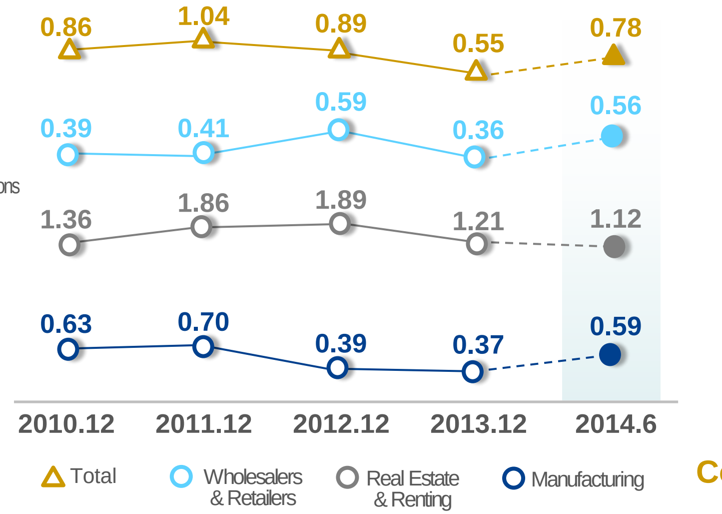
## Loans (KRW tril.)

### SME

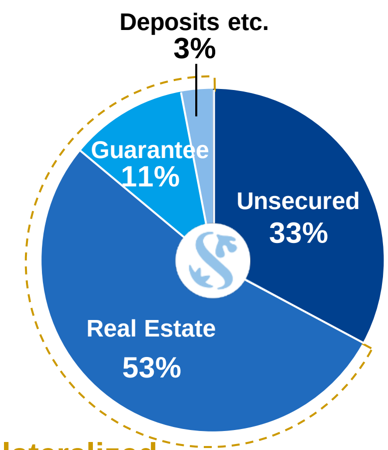



Note) SME Loan by Borrowers as of June 30, 2014
: SOHO 50%, Registered 24%, Unregistered 26%

## Delinquency (%)

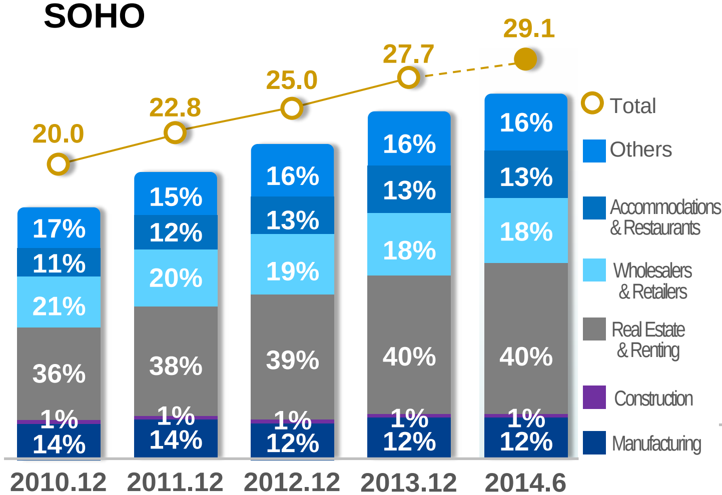


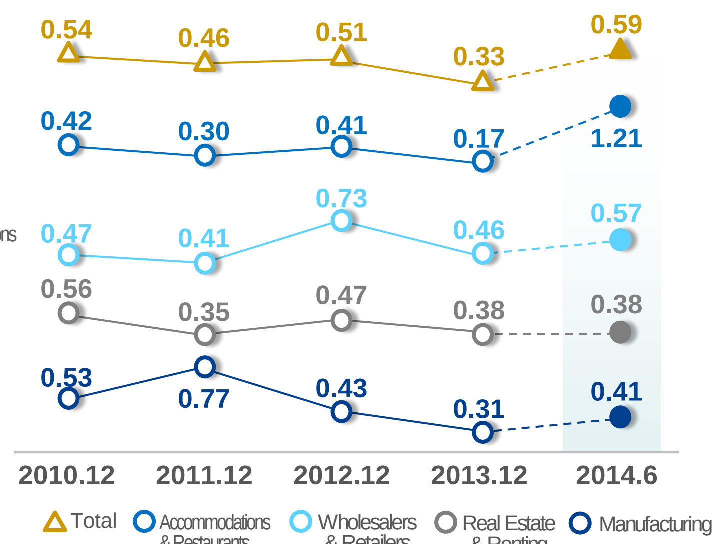

## Collateral (%)

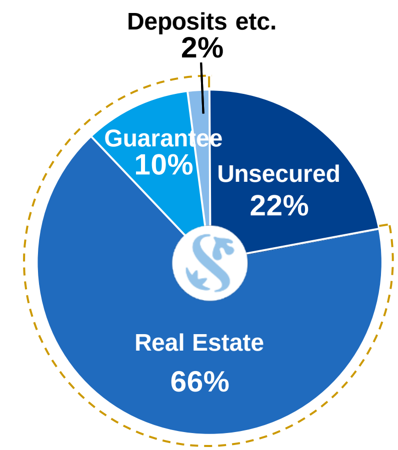



Collateralized 67%

### SOHO



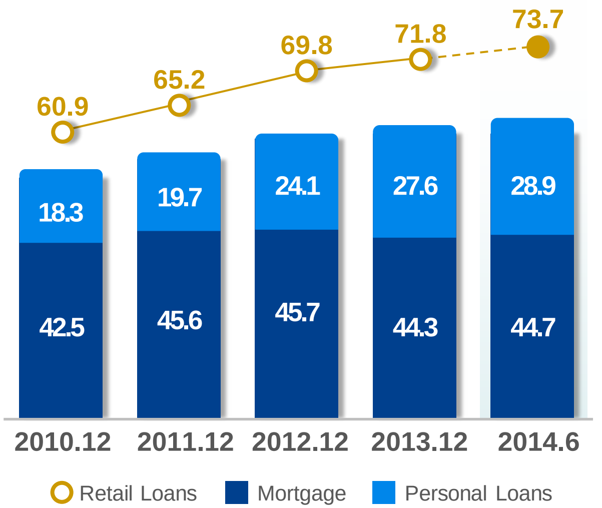

Collateralized 78%

# SHB Retail Loans



## Loans

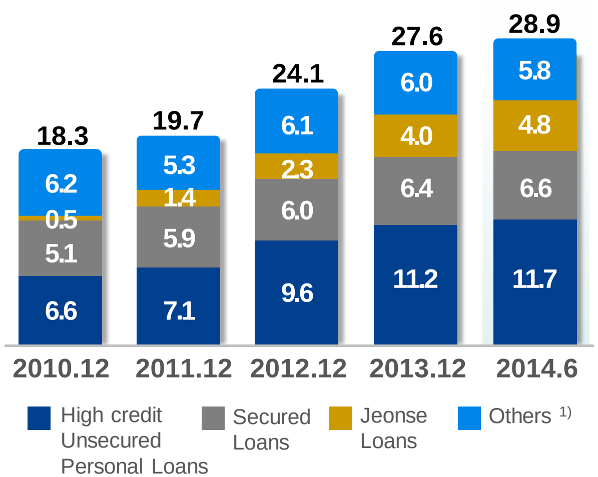
(KRW tril.)



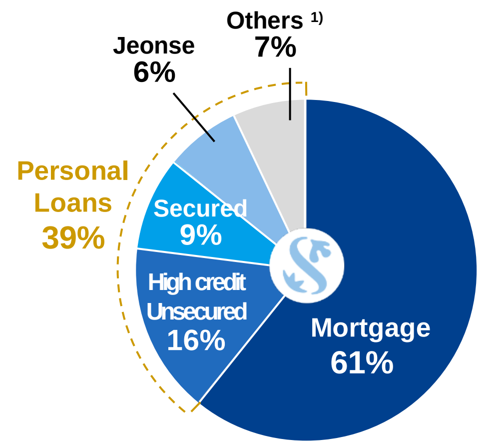

## Retail Personal Loans

(KRW tril.)

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




## Loan Composition

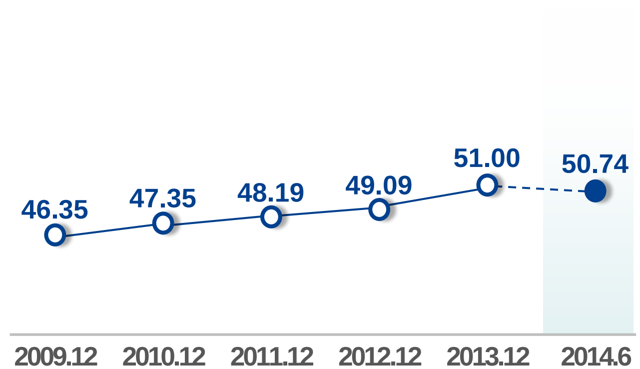



## Delinquency

(%)

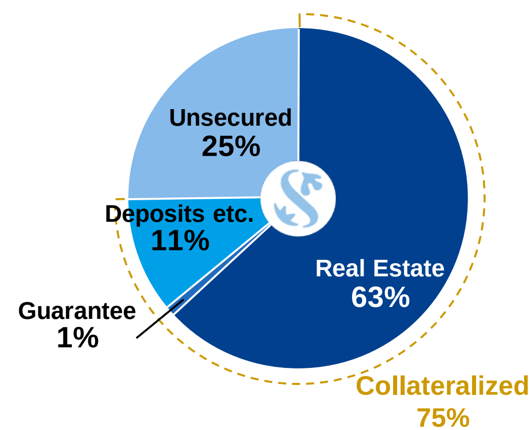

## LTV

(%)




## Collateral

(%)



SHINHAN FINANCIAL GROUP

www.shinhangroup.com

SHINHAN

Shinhan Mobile IR Application ① ir.shinhangroup.com or ②