

# Business Results

## 1H 2019

Summer

# Disclaimer Statement

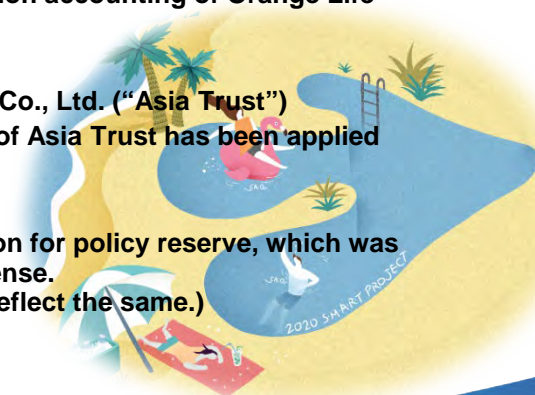
The financial information contained herein has neither been reviewed nor audited by independent auditors.

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) The financial figures have been derived following K-IFRS No.1109, 'Financial instruments' and K-IFRS No.1115, 'Revenue from Contracts with Customers' for years starting January 1, 2018.  
(Financial information for periods prior to December 31, 2017 has not been restated.)
- 3) K-IFRS 16 'Leases' replaced existing lease standards and is effective for the year beginning on January 1, 2019.  
(Financial information for periods prior to December 31, 2018 has not been restated.)
- 4) The net profit (loss) realized from the 59.15% interest in the newly acquired Orange Life Insurance, Ltd. ("Orange Life") has been included in our consolidated net profit (loss.) The acquisition accounting of Orange Life has been applied starting January 1, 2019 (the deemed acquisition date.)
- 5) The net profit (loss) realized from the 60% interest in the newly acquired Asia Trust Co., Ltd. ("Asia Trust") has been included in our consolidated net profit (loss.) The acquisition accounting of Asia Trust has been applied starting April 1, 2019 (the deemed acquisition date.)
- 6) To present the financial information more effectively, the interest portion of provision for policy reserve, which was previously categorized as non-interest expense, is now categorized as interest expense.  
(Financial information for periods prior to December 31, 2018 has been restated to reflect the same.)

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





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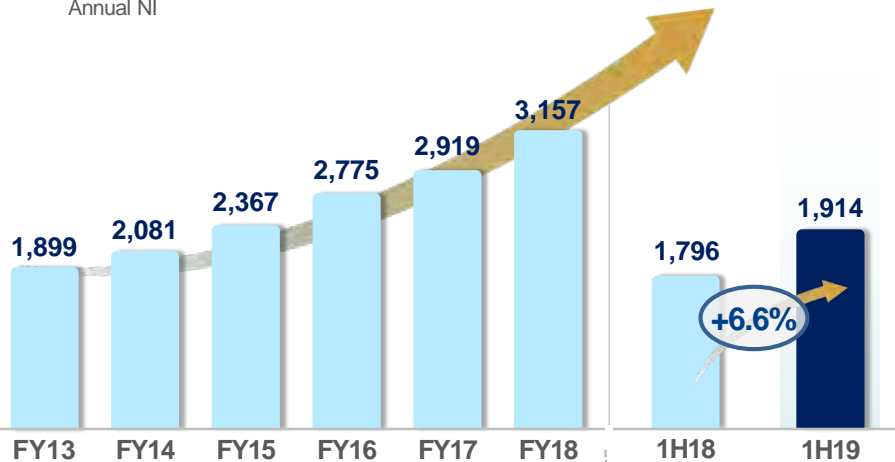


# 2019 1H Business Result Highlights ①

## Group Net Income

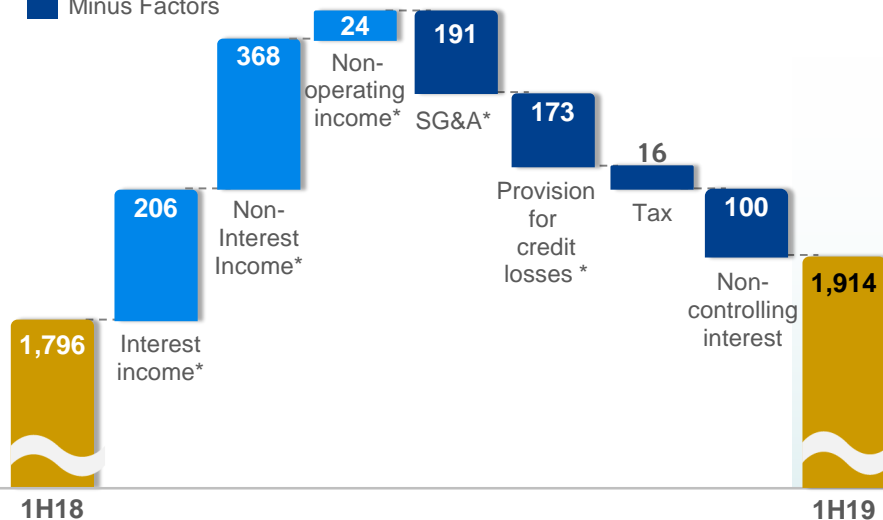
(KRW bil.)

Annual NI



Plus Factors

Minus Factors



\* Earnings before income tax

1

### Positive Net Profit Momentum:

Well-balanced earnings growth based on diversified business portfolio

996 bil.

(2019 2Q Net Income)

2

### Strategic Loan Growth:

Continuation of quality asset building

4.6%

(2019 1H SHB Loan Growth)

3

### Robust Non-interest Income:

Strong performance across non-bank subsidiaries with One Shinhan efforts

+27%

(Year-over-year Group Non-Interest Income Expansion)

4

### Disciplined Cost Control:

Sustainable management with operational efficiency

42.6%

(2019 1H Cost-to-Income Ratio)

5

### Proactive Risk Management:

Stringent loan underwriting practice with a consistent provisioning policy

35bp

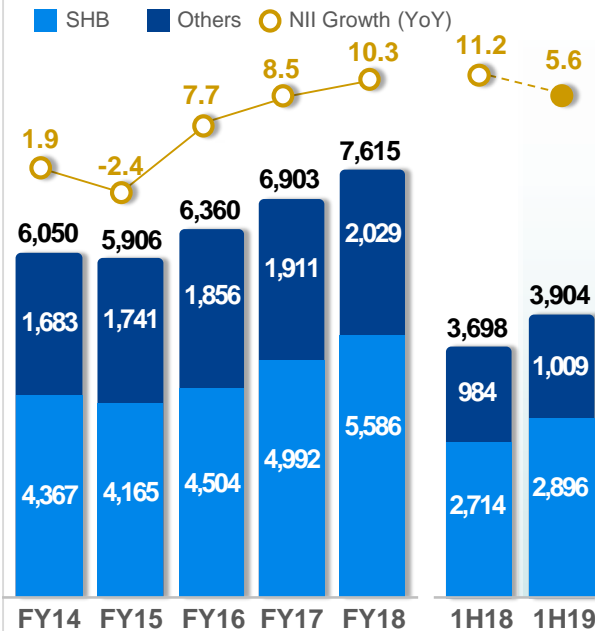
154%

(2019 1H Group cumulative credit cost and NPL coverage ratio)

# 2019 1H Business Result Highlights ②

## Interest Income

(%, KRW bil.)

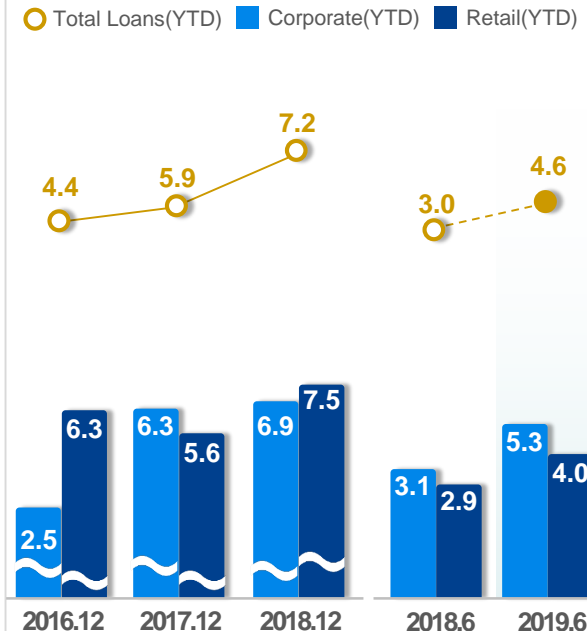


### NII Riding Upward Trajectory

- SFG's interest income increased by 5.6% YoY attributed to active loan growth and positive additions from non-bank subsidiaries
- Interest income from global hiked by 27.8% YoY improving its contribution to the Group NII from 8.2% in 1H18 to 9.9% in 1H19
- Steady NII improvement resulting from constant drive to focus on quality growth

## SHB Loan Growth

(%)



### Balanced Loan Growth

- Through robust and balanced loan growth, SHB's KRW loan assets as end of 1H19 marked 219 tril. up by 4.6% YTD
- Corporate loans up 5.3% YTD with more focus on high quality SOHO loans and retail loans up by 4.0% YTD driven by strong mortgage and Jeonse loan demand
- SHB's KRW deposits up by 6.5% YTD, reaching to 222 tril.

## NIM

(%)

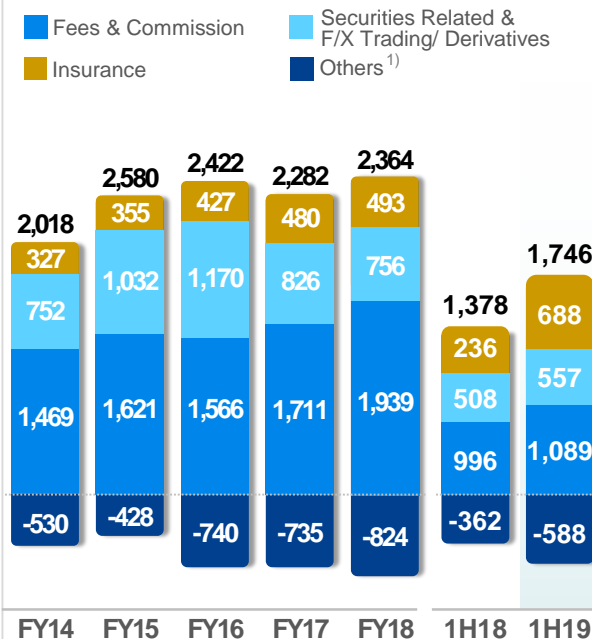


### Preemptive ALM Strategy

- SHB quarterly NIM marked 1.58%, down by 3bp, mainly due to the extended deposit base in an attempt to better cope with the new LDR measure next year
- SHB's NIM incl. Global recorded 1.62% for 2Q evidencing its higher profitability in overseas
- Group NIM marked 2.03%, down 4bp QoQ, partly due to a decline in high margin products, such as cash advances, in SHC

# 2019 1H Business Result Highlights ③

## Non-Interest Income (KRW bil.)

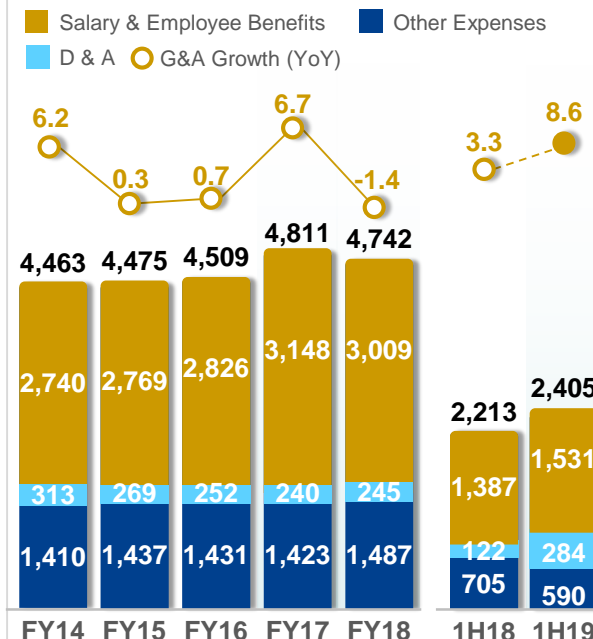


Note 1) Insurance fees on deposits, contribution expenses etc

### Diversified Non-interest Income Portfolio

- Non-interest income grew by 26.7% YoY, attributed to a hike in insurance profits coming from the inclusion of Orange Life along with an increase in securities related gains
- Fee income grew up by 9.4% YoY, driven by robust growth in IB business, leases and sales of trust products, despite a decline in brokerage fees amid sluggish trading volume

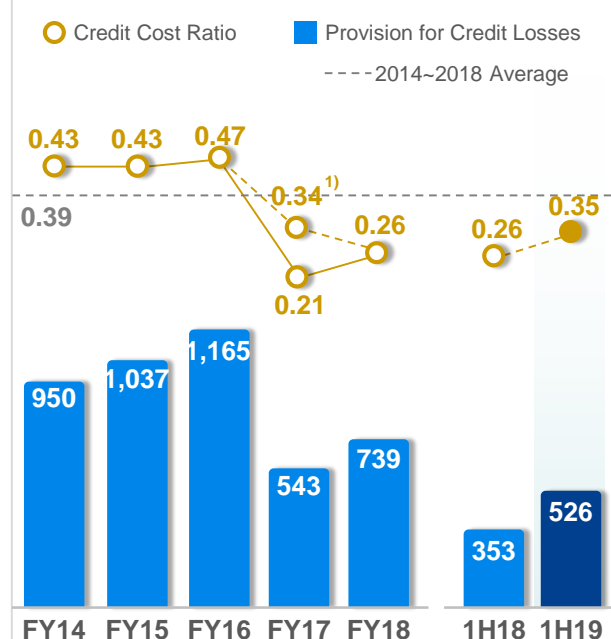
## G&A Expenses (% , KRW bil.)



### Disciplined Cost Management

- Cost-to-Income ratio improved to 42.6%, running at a historically low level, through cost control efforts and strong earnings stream despite SG&A rise due to the newly added Orange Life and Asia Trust
- SG&A, excluding expenses from Orange Life and Asia Trust, went up by 3.5% YoY

## Credit Cost (% , KRW bil.)



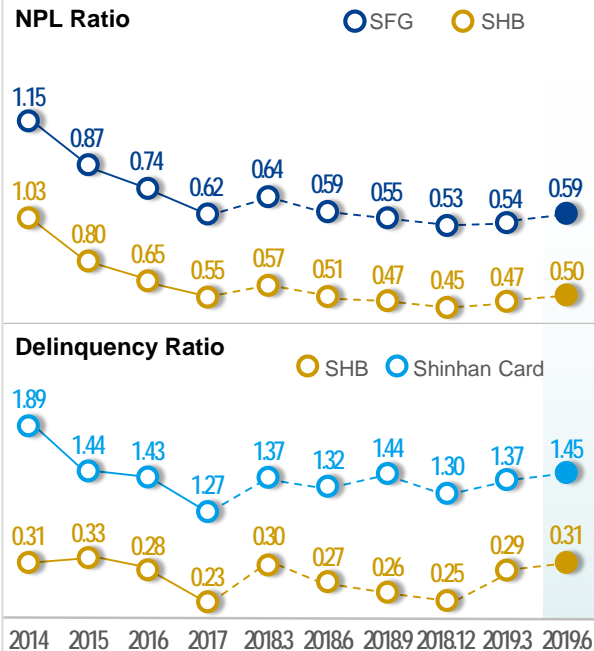
Note 1) Excluding write-backs from Shinhan Card

### Prudent Risk Management

- Group credit cost ratio marked 35bp in 1H19, 4bp lower than the 5-year recurring average
- SHB's credit cost ratio increased to 19bp, up by 8bp YoY, attributed to adopting preemptive and rigorous credit standards
- SHC's credit cost ratio increased to 1.99%, up by 39bp, mainly due to strong asset growth in card loans, lease and installment finance

# 2019 1H Business Result Highlights ④

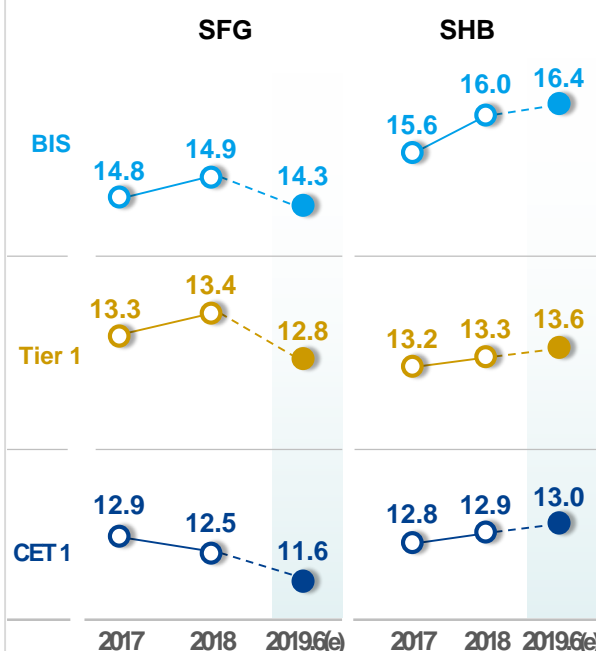
## Asset Quality (%)



### Maintaining Stable Asset Quality

- Group NPL ratio maintained its prior year level, while SHB NPL ratio improved by 0.1%p YoY, marking 0.59% and 0.50% respectively
- SHB and SHC's delinquency ratios increased by 2bp and 8bp QoQ respectively, due to, in part, relatively smaller amounts of write-offs and NPL sales
- Group and SHB NPL coverage ratios marked 154% and 125% respectively, maintaining sufficient provision buffer

## Capital Adequacy (%)

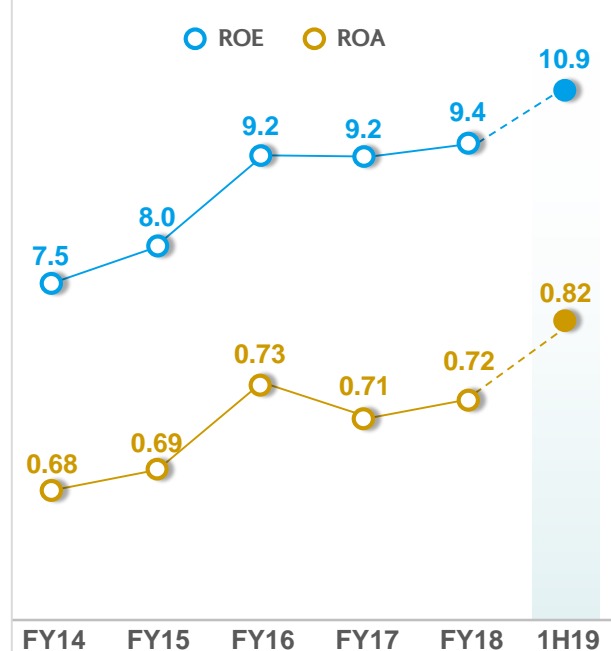


Note) Based on Basel 3

### Capital Utilization for Future Growth

- Based on BASEL 3, Group's Common Equity Tier1 ratio experienced a temporary setback due to concentration of compression factors, such as M&As and changes in accounting standards
- Based on BASEL 3, SHB's Common Equity Tier1 and BIS ratio are estimated at 13.0% and 16.4% respectively

## ROE & ROA (%)



### Sustainable ROA & ROE Improvement

- Group ROE recorded 10.9%, up 1.5%p YTD, driven by successful business portfolio diversification and strong earnings growth
- Group ROA improved by 0.10%p YTD, marking 0.82%, attributed to sturdy operating performances from both bank and non-bank subsidiaries

# 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)	Group NI (YoY)	Cost-to – Income Ratio	Customized Strategy for each of the subsidiaries	Mid-term Business Strategy 2020 SMART Project	Creative Culture, “The Shinhan Leader” “SHeros”
<b>+1%</b>	<b>+6%</b>	<b>+6%</b>	<b>+7%</b>	<b>42.6%</b>			

Non-Banks	Non-Interest Income	Overseas	Inorganic	Digital (On-line)	One Shinhan	Corporate Culture	Community-oriented
NI from Non-Banks (YoY)	Non-Interest Income (YoY)	Group NI from Global Business (YoY)	New Business Lines (M&As) 2019 1H Orange Life, PVFC, Shinhan REITs, Archipelago AM	Operating Income through Digital Platform <sup>2)</sup>	Matrix Business Lines, Cross-Selling Ratio	ESG Recognition  A <sup>+</sup> Grade from CGS	Compassionate Finance  “Society of Hope” Project  “ECO Transformation 20-20”
<b>+10%</b>	<b>+27%</b>	<b>+9%</b>		<b>664.6 bil.</b>	<b>39.9%</b>		
Non Banks NI Contribution <b>35%</b>	Non-Interest Income Proportion <b>31%</b>	Global NI Contribution <b>9%</b>	Net Income <b>100.3 bil.</b>				

## 2 Global Expansion

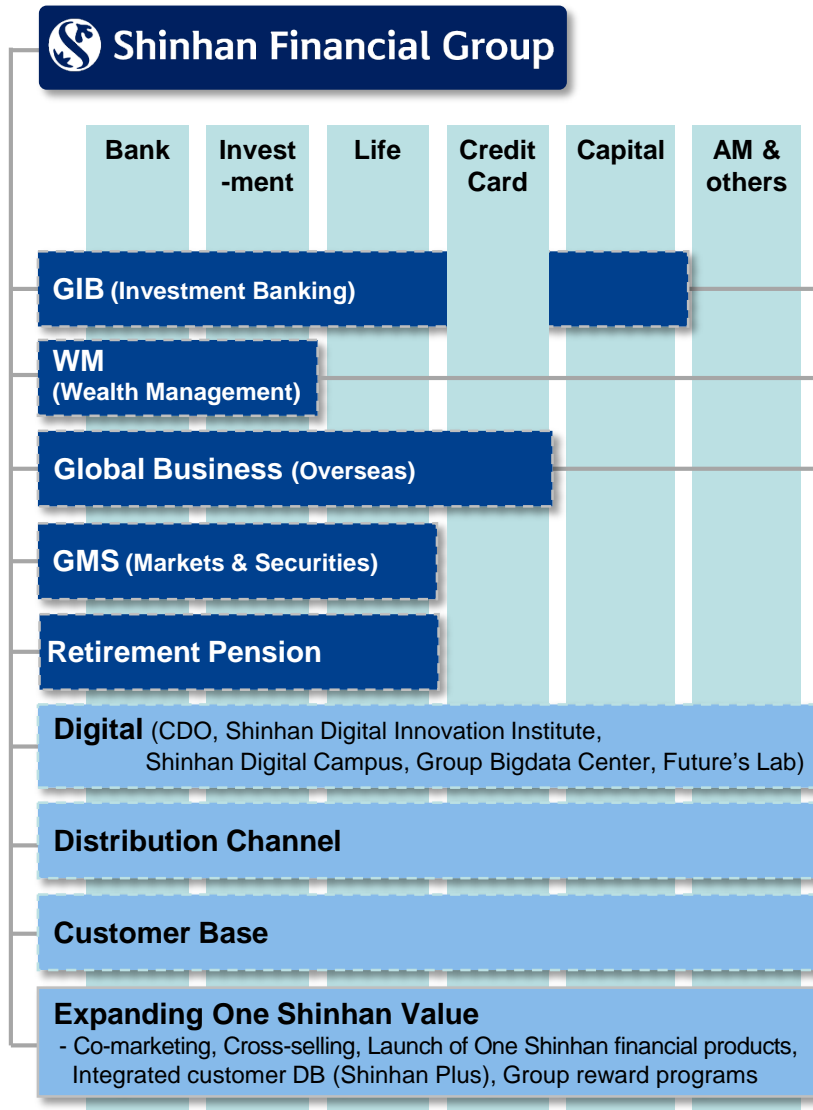
## 3 Digital Transformation

## 4 Uphold Corp. Culture

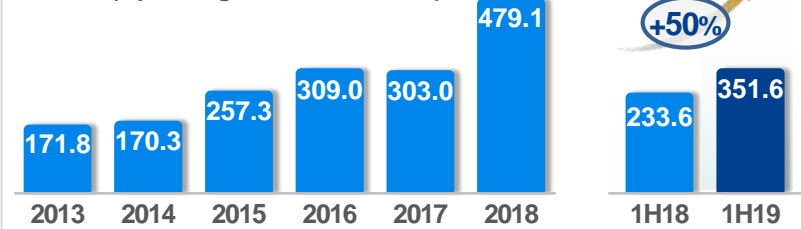


# One Shinhan : Synergy Creation

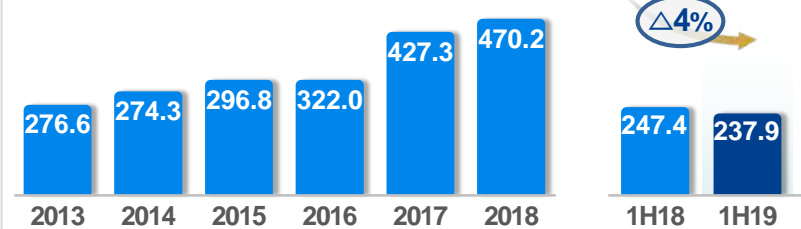
## Matrix Structure



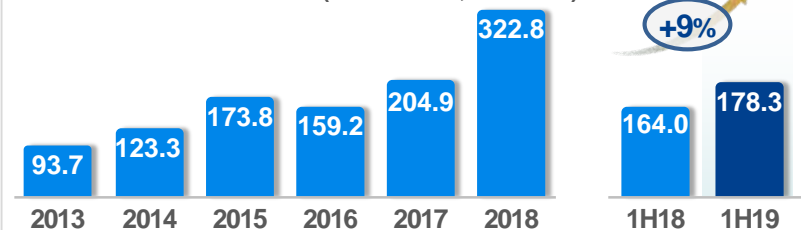
### • GIB (Operating Income, KRW bil.)



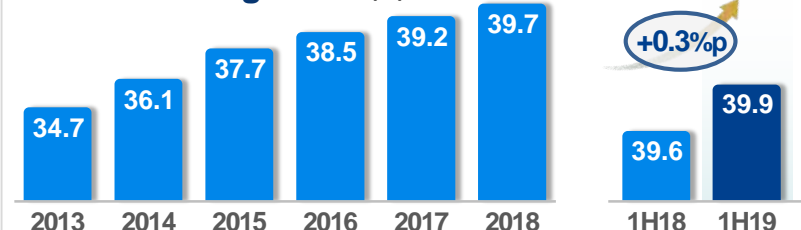
### • WM (Operating Income, KRW bil.)



### • Global Business (Net Income, KRW bil.)



### • Cross-Selling Ratio (%)



Note 1) Financial figures of GIB and WM are based on managerial accounting

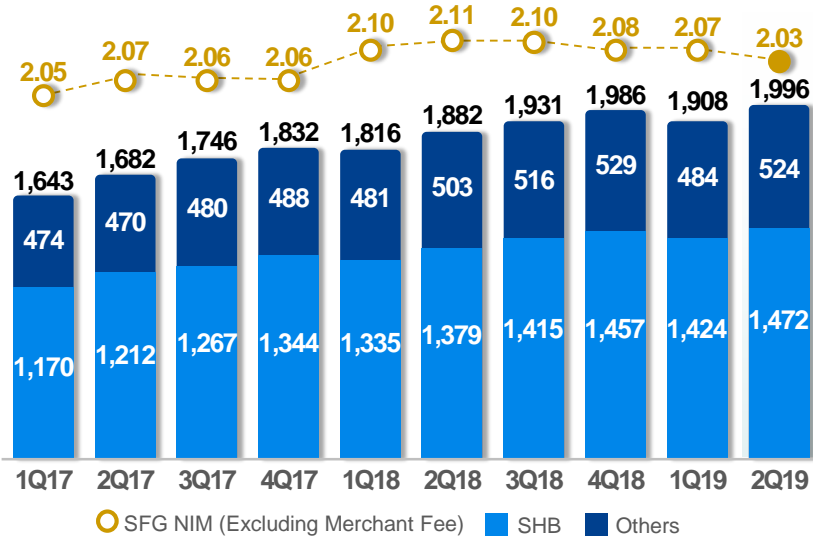
Note 2) Financial figures of GIB from 2013 to 2016 are based on CIB's IB division

## **II. Income**

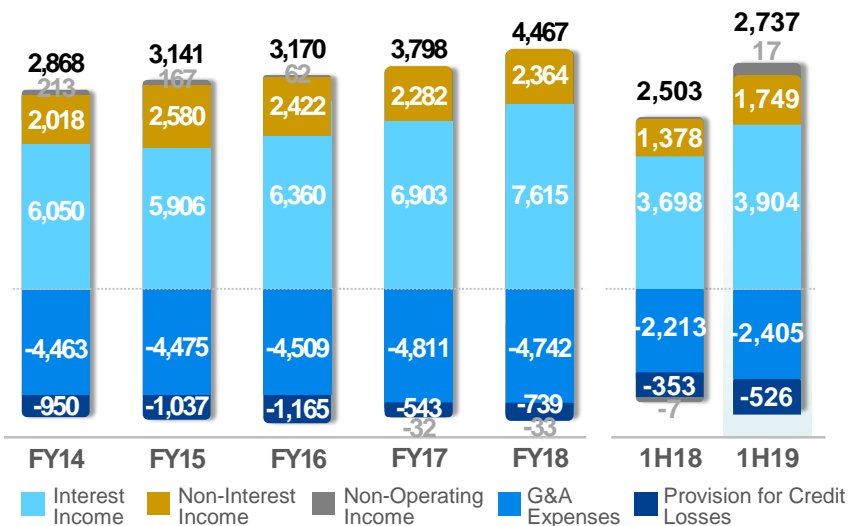
- 1. SFG Income**
- 2. SFG Non-Interest Income**
- 3. SFG G&A Expenses**
- 4. SFG Income by Subsidiaries**
- 5. Major Subsidiaries Income**



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



## SFG Earnings before Income Tax (KRW bil.)



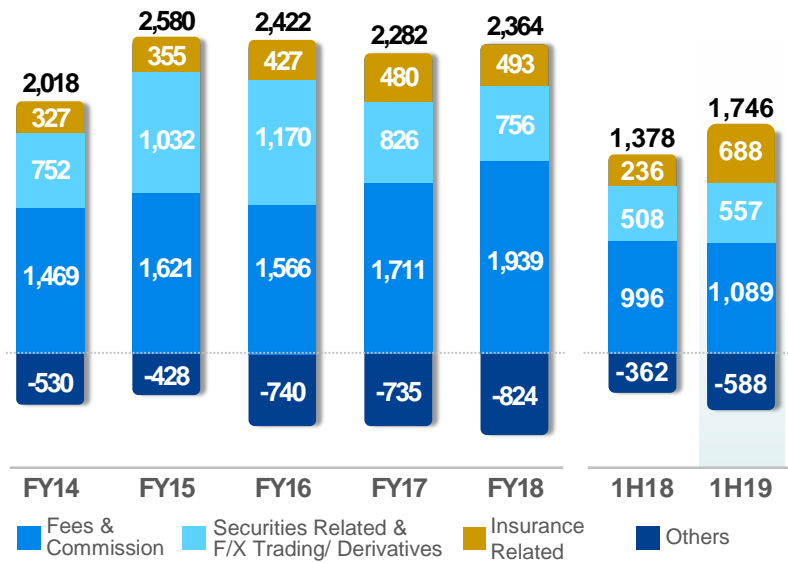
(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Operating Income (a=b+c)	5,650.0	5,076.4	11.3	2,920.5	2,729.5	7.0
Interest Income (b)	3,904.1	3,698.2	5.6	1,996.3	1,907.9	4.6
Non-Interest Income (c)	1,745.9	1,378.2	26.7	924.2	821.7	12.5
G&A Expenses (d)	2,404.7	2,213.4	8.6	1,236.3	1,168.4	5.8
Pre-Provision Oper. Income (e=a-d)	3,245.3	2,863.0	13.4	1,684.1	1,561.2	7.9
Non-Operating Income (f)	17.0	-7.1	n.a.	4.8	12.2	-61.0
Pre-Provision Income (g=e+f)	3,262.3	2,855.9	14.2	1,688.9	1,573.4	7.3
Provision for Credit Losses (h)	525.7	353.1	48.9	274.9	250.8	9.6
Earnings before Income Tax (i=g-h)	2,736.6	2,502.8	9.3	1,414.0	1,322.5	6.9
Income Tax	700.2	685.7	2.1	343.5	356.7	-3.7
Consolidated Net Income <sup>1)</sup>	1,914.4	1,795.6	6.6	996.1	918.4	8.5

Note 1) Net Income in Controlling Interest

# SFG Non-Interest Income

## SFG Non-Interest Income

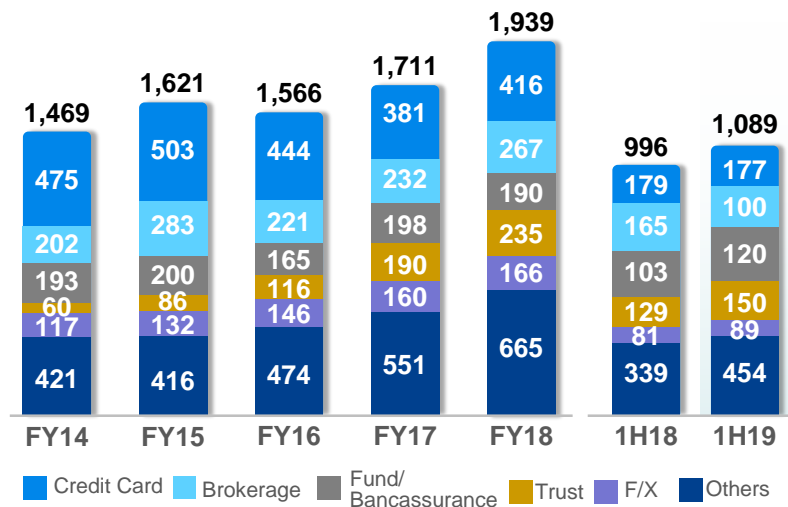
(KRW bil.)



(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Non-Interest Income	1,745.9	1,378.2	26.7	924.2	821.7	12.5
Fees & Commission	1,089.1	995.9	9.4	609.3	479.9	27.0
Securities Related & FX Trading/Derivatives	556.7	508.0	9.6	205.8	350.9	-41.4
(Gains on FVPL Financial Instruments)	-179.1	354.6	n.a.	69.1	-248.3	n.a.
(Gains on Derivatives & FX)	640.1	75.0	754.0	122.2	517.9	-76.4
Insurance Related	687.7	236.2	191.2	370.1	317.7	16.5
Others	-587.7	-361.8	n.a.	-260.9	-326.8	n.a.
(Contribution Expenses)	-151.3	-136.8	n.a.	-73.1	-78.2	n.a.
(Insurance Fees on Deposits)	-187.1	-175.4	n.a.	-92.0	-95.1	n.a.

## SFG Fees & Commission

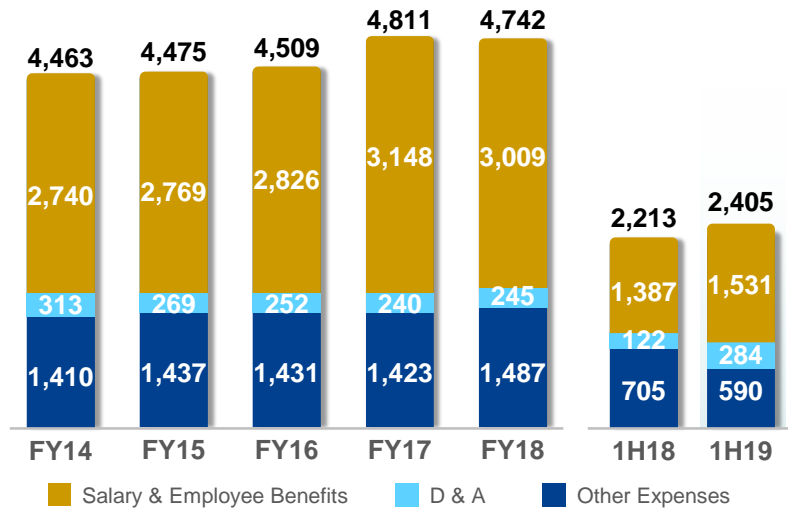
(KRW bil.)



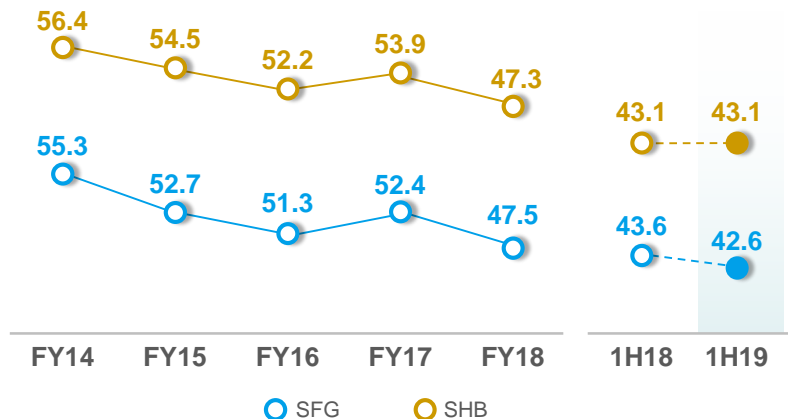
(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Fees & Commission	1,089.1	995.9	9.4	609.3	479.9	27.0
Credit Card Fee Income	177.1	179.4	-1.3	90.5	86.7	4.4
Brokerage Commissions	99.7	164.6	-39.4	50.2	49.5	1.5
Fund/Bancassurance Fees	119.6	102.9	16.2	73.7	45.9	60.5
Trust Fee Income	150.4	128.6	16.9	86.6	63.8	35.9
FX Fee Income	88.7	81.0	9.6	53.0	35.8	48.0
Electronic Transaction Fees	74.5	72.7	2.6	38.0	36.5	4.0
IB Related Fees	85.6	34.2	150.6	62.9	22.8	175.8
Lease Financing Fees	63.1	31.5	100.3	32.8	30.3	8.4
Others	230.2	201.0	14.6	121.6	108.6	11.9



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



## Cost-Income Ratio<sup>1)</sup> (%)



Note 1) Cumulative Basis

## SFG G&A Expenses

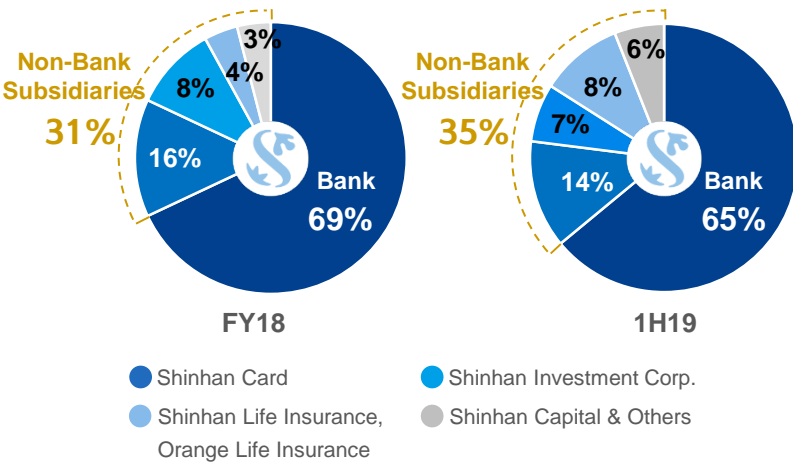
(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
<b>G&amp;A Expenses</b>	<b>2,404.7</b>	2,213.4	8.6	1,236.3	1,168.4	5.8
Salary & Employee Benefits	<b>1,531.1</b>	1,387.2	10.4	772.5	758.6	1.8
(Early Retirement Program Expenses)	<b>0.6</b>	1.3	-56.3	0.0	0.6	-99.8
<b>D &amp; A</b>	<b>283.6</b>	121.7	133.0	144.1	139.6	3.2
<b>Other Expenses</b>	<b>590.0</b>	704.5	-16.3	319.8	270.2	18.4
(Advertising Expenses)	<b>91.8</b>	122.0	-24.8	55.1	36.6	50.5
(Taxes and Dues)	<b>110.4</b>	94.9	16.4	67.7	42.7	58.4

## SHB G&A Expenses

(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
<b>G&amp;A Expenses</b>	<b>1,455.4</b>	1,395.2	4.3	750.5	704.9	6.5
Salary & Employee Benefits	<b>886.2</b>	839.4	5.6	447.0	439.1	1.8
(Early Retirement Program Expenses)	<b>0.6</b>	0.2	148.5	0.0	0.6	-99.8
<b>D &amp; A</b>	<b>196.3</b>	81.0	142.5	97.7	98.5	-0.8
<b>Other Expenses</b>	<b>372.9</b>	474.8	-21.5	205.7	167.3	23.0
(Advertising Expenses)	<b>24.1</b>	30.3	-20.5	15.1	9.0	67.2
(Taxes and Dues)	<b>57.9</b>	46.2	25.2	38.5	19.4	98.4

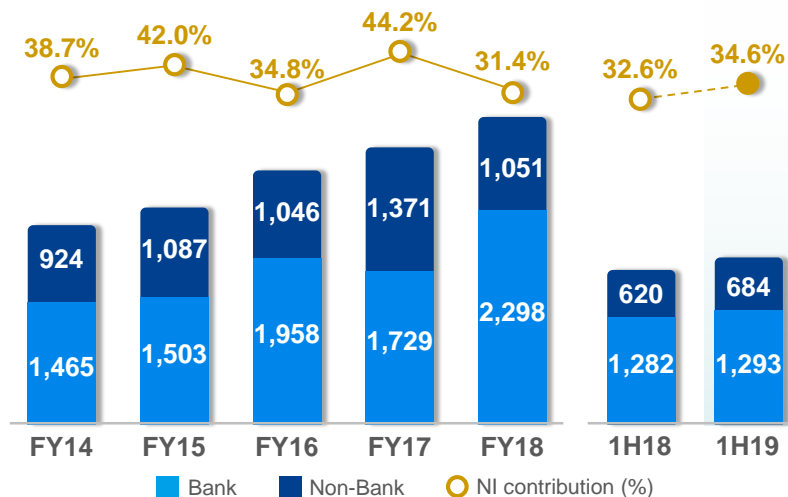
# SFG Income by Subsidiaries ①

## 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=AxB]	Adjustment [D]	Net Income (Consolidated) [E=C+D]
<b>Bank (a)</b>	<b>1,295.9</b>		<b>1,292.4</b>	<b>-37.0</b>	<b>1,255.4</b>
Shinhan Bank	1,281.8	100.0%	1,281.8	-35.5	1,246.4
Jeju Bank	14.1	75.3%	10.6	-1.6	9.0
<b>Non-Bank (b)</b>	<b>749.6</b>		<b>684.1</b>	<b>37.5</b>	<b>721.6</b>
Shinhan Card	271.3	100.0%	271.3	4.0	275.3
Shinhan Investment Corp.	142.8	100.0%	142.8	1.9	144.7
Shinhan Life Insurance	78.0	100.0%	78.0	20.9	98.9
Orange Life Insurance	147.2	59.2%	87.3	12.3	99.6
Shinhan BNPP AM	11.5	65.0%	7.5	-0.1	7.4
Shinhan Capital	70.8	100.0%	70.8	4.7	75.5
Shinhan Savings Bank	11.2	100.0%	11.2	1.0	12.2
Asia Trust	3.7	60.0%	2.2	-2.3	-0.0
Shinhan DS	1.2	100.0%	1.2	-5.5	-4.4
Shinhan AITAS	5.3	99.8%	5.3	0.4	5.7
Shinhan Credit Information	0.6	100.0%	0.6	-0.0	0.5
Shinhan Alternative Investment	2.1	100.0%	2.1	0.1	2.2
Shinhan REITs Management	4.0	100.0%	4.0	0.0	4.0
<b>SFG (c)</b>				<b>-62.6<sup>2)</sup></b>	<b>-62.6</b>
<b>Total (d=a+b+c)<sup>1)</sup></b>	<b>2,045.5</b>		<b>1,976.6</b>	<b>-62.2</b>	<b>1,914.4</b>

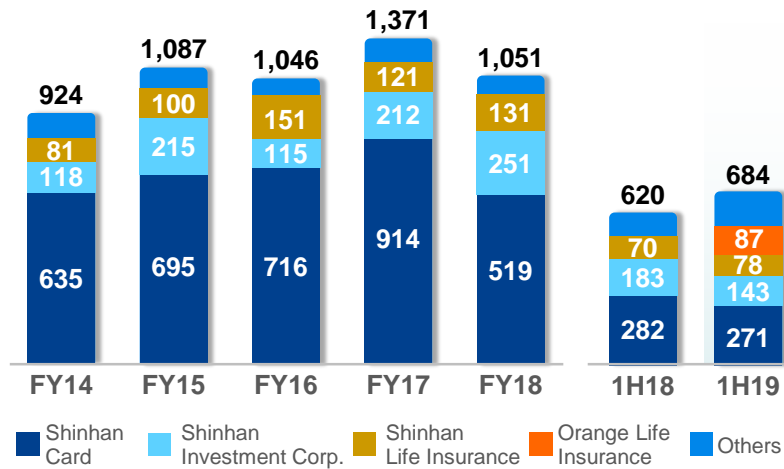
Note 1) Net Income in Controlling Interest

2) SFG (Separate): Brand Fee Income KRW 24.9bil, Net Interest Expense KRW -69.1bil., G&A etc. KRW -34.6bil.

# SFG Income by Subsidiaries ②

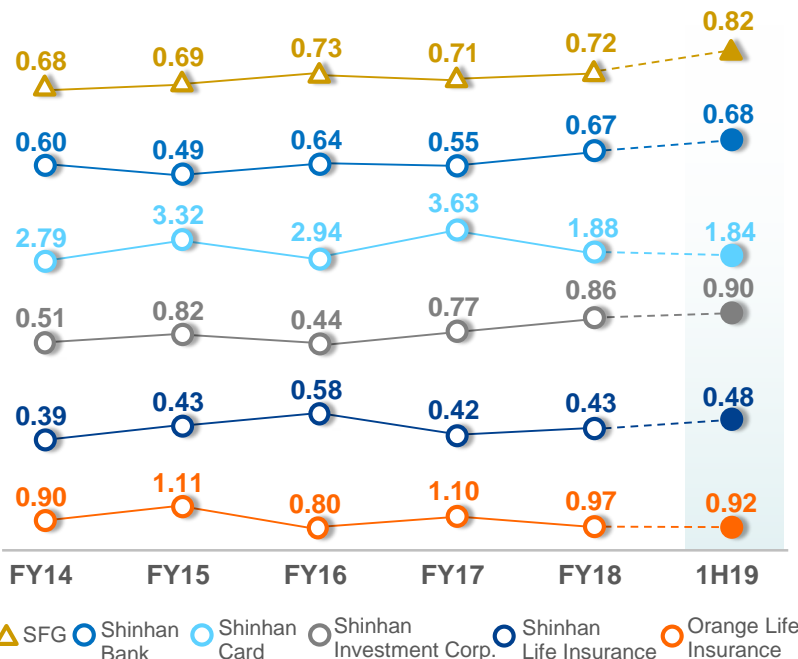
## Non-Bank Net Income

(KRW bil.)



## ROA

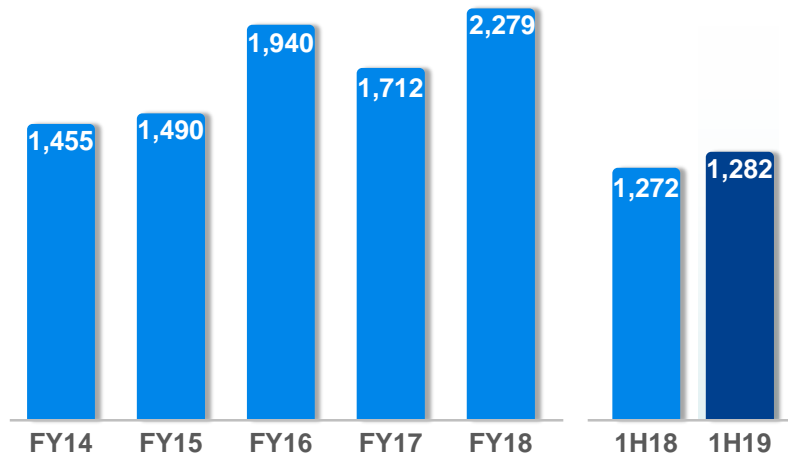
(%)



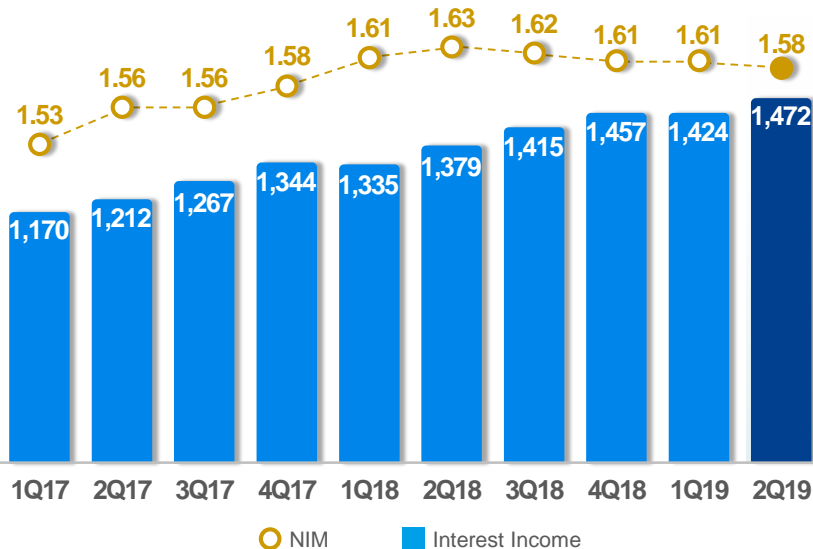
(Reflecting SFG Ownership, KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Bank (a)	1,293.2	1,281.9	0.9	670.1	623.1	7.5
Shinhan Bank	1,281.8	1,271.8	0.8	663.7	618.1	7.4
Jeju Bank	10.6	10.1	4.6	5.6	5.0	12.0
Non-Bank (b)	683.9	619.8	10.3	330.8	353.1	-6.3
Shinhan Card	271.3	281.9	-3.8	149.1	122.2	22.0
Shinhan Investment Corp.	142.8	182.7	-21.9	72.0	70.8	1.6
Shinhan Life Insurance	78.0	70.0	11.4	24.1	53.9	-55.2
Orange Life Insurance	87.3	-	n.a.	39.7	47.6	-16.5
Shinhan BNPP AM	7.5	6.6	13.6	4.0	3.5	12.9
Shinhan Capital	70.8	63.8	11.0	25.2	45.6	-44.6
Shinhan Savings Bank	11.2	8.1	39.0	5.7	5.5	4.8
Asia Trust	2.2	-	n.a.	-	-	n.a.
Shinhan DS	1.2	0.2	522.2	0.4	0.7	-45.6
Shinhan AITAS	5.3	3.7	45.0	2.8	2.6	7.7
Shinhan Credit Information	0.6	1.4	-60.8	0.4	0.1	308.6
Shinhan Alternative Investment	2.1	1.1	83.1	2.7	-0.6	n.a.
Shinhan REITs Management	4.0	0.2	1,557.5	2.7	1.3	102.9
Total (a+b)	1,977.1	1,901.7	4.0	1,000.9	976.2	2.5
Consolidated Net Income <sup>1)</sup>	1,914.4	1,795.6	6.6	996.1	918.4	8.5

Note 1) Net Income in Controlling Interest

## Net Income (KRW bil.)



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



(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Operating Income (a=b+c)	3,377.2	3,238.1	4.3	1,732.9	1,644.3	5.4
Interest Income (b)	2,895.5	2,713.7	6.7	1,471.9	1,423.7	3.4
Non-Interest Income (c)	481.7	524.4	-8.1	261.0	220.7	18.3
G&A Expenses (d)	1,455.4	1,395.2	4.3	750.5	704.9	6.5
Pre-Provision Oper.Income (e=a-d)	1,921.9	1,843.0	4.3	982.4	939.4	4.6
Non-Operating Income (f)	4.1	-2.2	n.a.	8.8	-4.7	n.a.
Pre-Provision Income (g=e+f)	1,926.0	1,840.7	4.6	991.2	934.7	6.0
Provision for Credit Losses (h)	237.5	121.7	95.2	150.6	86.9	73.2
Earnings before Income Tax (i=g-h)	1,688.4	1,719.0	-1.8	840.6	847.8	-0.8
Income Tax	406.4	447.1	-9.1	176.8	229.6	-23.0
Net Income <sup>1)</sup>	1,281.8	1,271.8	0.8	663.7	618.1	7.4

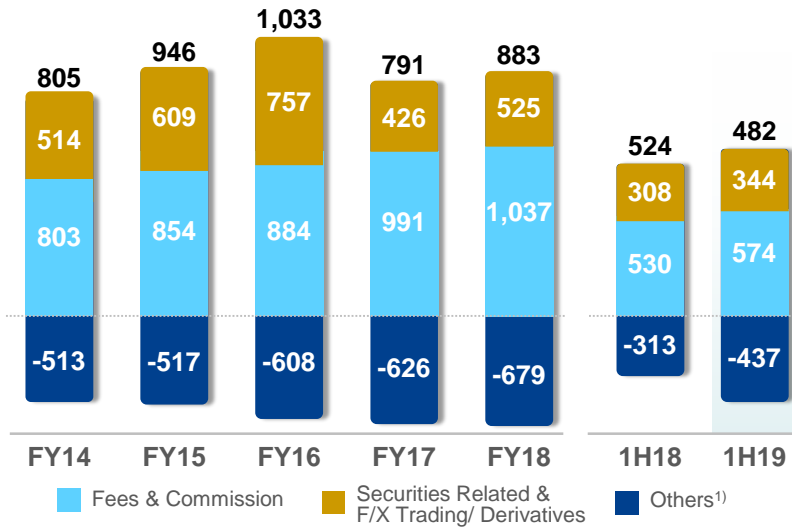
Note 1) Net Income in Controlling Interest

(%)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
NIS (a-b) (quarterly)	1.75	1.81	1.82	1.84	1.87	1.89	1.89	1.86	1.86	1.86
Loan interest rate (a)	3.00	3.03	3.04	3.10	3.19	3.27	3.32	3.35	3.38	3.37
Deposit interest rate (b)	1.26	1.22	1.22	1.26	1.32	1.38	1.43	1.49	1.52	1.51
NIM (quarterly)	1.53	1.56	1.56	1.58	1.61	1.63	1.62	1.61	1.61	1.58
NIM (cumulative figures)	1.53	1.55	1.55	1.56	1.61	1.62	1.62	1.62	1.61	1.59



## Non-Interest Income

(KRW bil.)

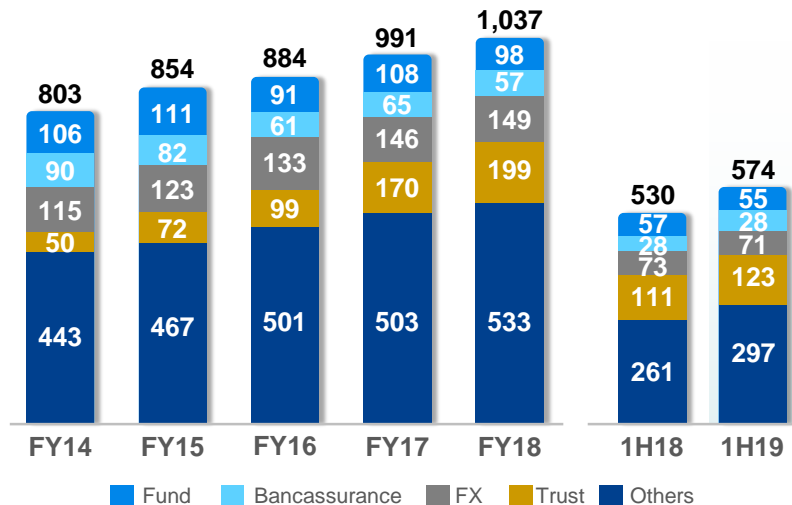


Note 1) Including Deposit Insurance Premium, Contribution Expenses etc.

(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Non-Interest Income	481.7	524.4	-8.1	261.0	220.7	18.3
Fees & Commission	574.4	529.5	8.5	323.0	251.4	28.5
Securities Related & FX Trading/Derivatives	344.1	307.8	11.8	163.7	180.4	-9.2
(Gains on FVPL Financial Instruments)	89.6	124.4	-27.9	8.4	81.2	-89.7
(Gains on Derivatives & FX)	211.8	158.8	33.4	129.5	82.3	57.2
Others	-436.8	-312.9	n.a.	-225.7	-211.1	n.a.
(Contribution Expenses)	-147.3	-133.0	n.a.	-71.0	-76.2	n.a.
(Insurance Fees on Deposits)	-149.7	-151.6	n.a.	-72.4	-77.2	n.a.

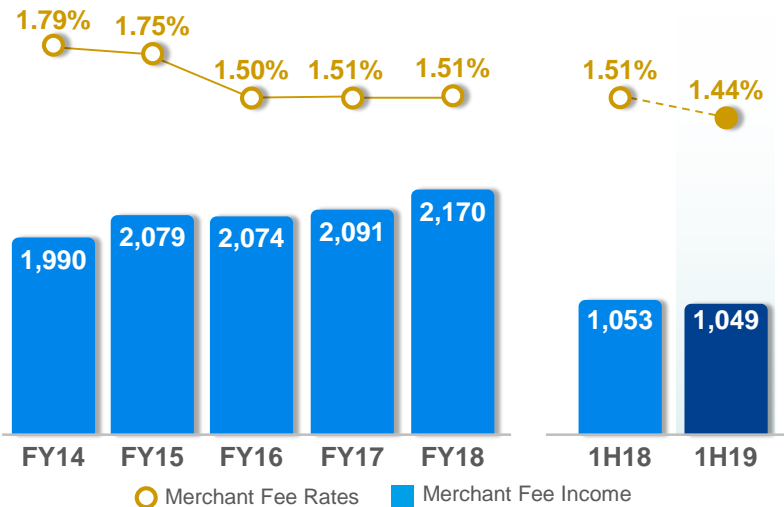
## Fees & Commission

(KRW bil.)

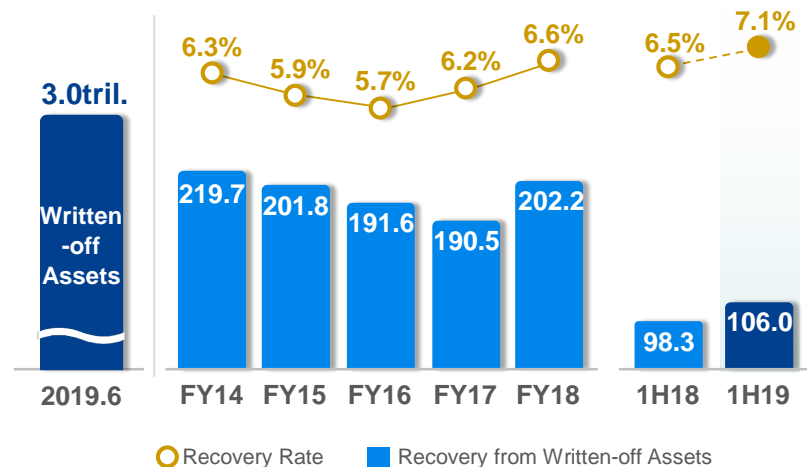


(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Fees & Commission	574.4	529.5	8.5	323.0	251.4	28.5
Fund Fee Income	55.0	57.2	-3.8	32.2	22.8	41.3
Bancassurance Fee Income	28.2	28.0	0.9	14.7	13.5	8.9
FX Fee Income	71.1	72.5	-2.0	39.3	31.8	23.8
Trust Fee Income	123.0	111.2	10.6	65.9	57.1	15.4
Electronic Transaction Fees	74.3	72.1	3.1	37.9	36.4	4.0
IB Related Fees	73.1	26.6	174.5	56.6	16.4	245.2
Others	149.7	161.9	-7.5	76.3	73.4	4.1

## Merchant Fee Income and Rates (KRW bil.)



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

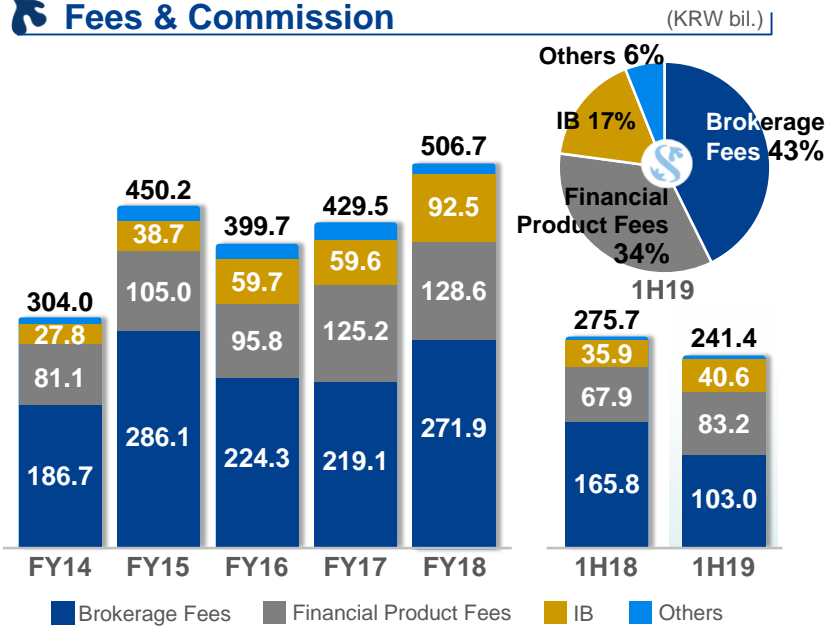


(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Operating Revenue (a)	1,964.0	1,913.0	2.7	1,001.3	962.7	4.0
Card Business	1,470.2	1,454.8	1.1	748.0	722.1	3.6
Installment Finance	63.4	52.7	20.4	33.0	30.4	8.4
Lease	86.5	53.0	63.4	44.3	42.3	4.7
Others	343.9	352.6	-2.5	176.0	167.9	4.9
(Derivatives & FX)	117.9	126.9	-7.1	61.8	56.1	10.1
Interest Expense (b)	247.3	201.6	22.7	125.7	121.7	3.3
G&A Expenses (c)	315.4	335.7	-6.0	158.7	156.8	1.2
Commissions & Other Expenses (d)	751.0	779.5	-3.7	387.4	363.6	6.6
(Derivatives & FX)	100.9	109.0	-7.5	51.4	49.5	3.9
Pre-Provision Income (e=a-b-c-d)	650.2	596.1	9.1	329.5	320.7	2.7
Provision for Credit Losses (f)	290.7	211.7	37.3	133.2	157.4	-15.4
Earnings before Income Tax (g=e-f)	359.6	384.4	-6.5	196.3	163.3	20.2
Income Tax	89.1	103.6	-14.0	47.3	41.8	13.3
Net Income <sup>1)</sup>	271.3	281.9	-3.8	149.1	122.2	22.0

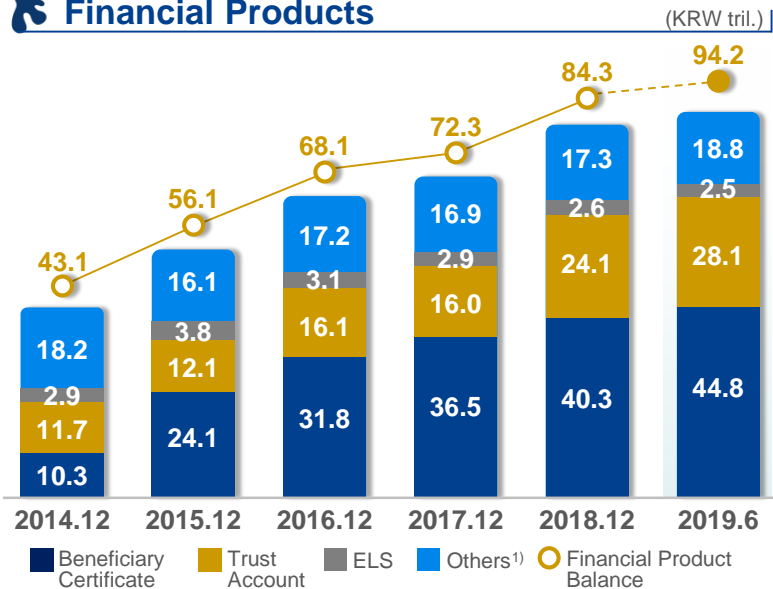
Note 1) Net Income in Controlling Interest

# Shinhan Investment Corp. Income

## Fees & Commission



## Financial Products



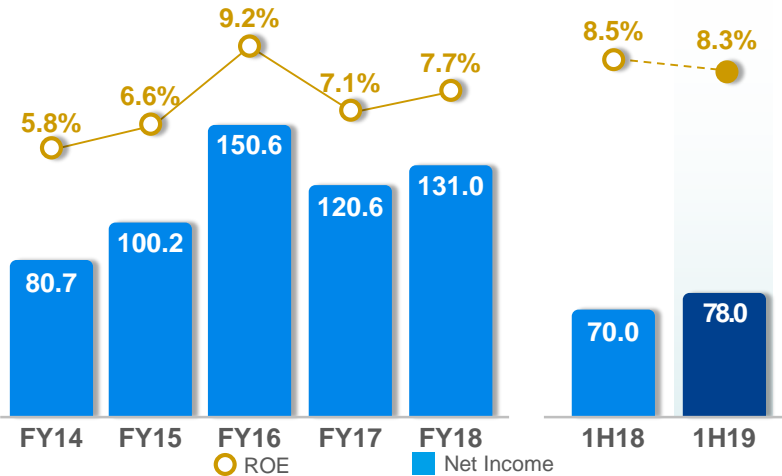
## Condensed I/S & Key Financial Indices

(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q19	QoQ%
Operating Revenue	473.1	548.9	-13.8	248.5	224.6	10.6
Fees & Commission	241.4	275.7	-12.5	139.6	101.8	37.1
Proprietary Trading	154.5	210.1	-26.5	66.8	87.6	-23.7
Others	77.2	63.0	22.6	42.1	35.1	19.8
Operating Expense	307.2	310.4	-1.0	153.4	153.9	-0.3
G&A Expenses	255.8	256.0	-0.1	130.3	125.5	3.8
Commission Expense	57.9	51.7	11.9	31.0	27.0	14.8
Provision for Credit Losses	-6.5	2.6	n.a.	-7.9	1.4	n.a.
Operating Income	165.8	238.5	-30.5	95.1	70.7	34.5
Net Income	142.8	182.7	-21.9	71.9	70.8	1.6
Net Capital Ratio(%)	897%	735%	162%p	897%	949%	-52%p
ROE	8.3%	11.3%	-2.9%p	8.3%	8.3%	-
ROA	0.9%	1.3%	-0.4%p	0.9%	0.9%	-

Note) ROE, ROA are calculated on a cumulative basis

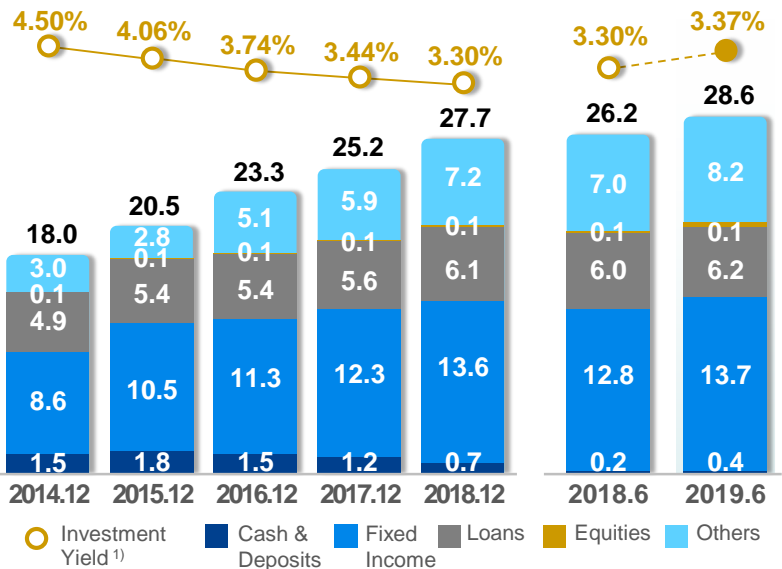
## Key Financial Indices

(KRW bil.)



## Operating Assets

(KRW tril.)



Note 1) Investment Yield: Total return, 12-month rolling basis, under IFRS9

## Key Financial Indices

(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q18	QoQ%
Prem. Received	2,182.8	2,329.0	-6.3	1,078.8	1,104.0	-2.3
Annual Prem. Equivalent (APE)	192.0	237.8	-19.3	99.7	92.3	8.1
Protection APE	184.4	221.7	-16.8	96.5	87.9	9.7
Net Income	78.0	70.0	11.4	24.1	53.9	-55.2
ROE	8.3%	8.6%	-0.2%p	8.3%	11.9%	-3.6%p
ROA	0.5%	0.5%	0.0%p	0.5%	0.7%	-0.2%p
RBC	243.0%	199.6%	43.4%p	243.0%	244.0%	-1.1%p

Note1) Excluding Retirement Pension

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

## Operating Assets

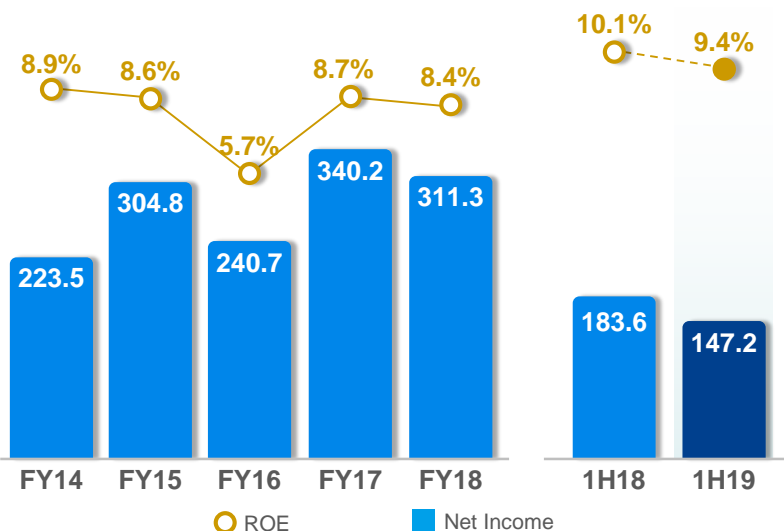
(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
Operating Assets	28,571.8	27,705.7	3.1	28,023.1	2.0
Cash & Deposits	411.4	619.7	-33.6	228.7	79.9
Fixed Income	13,652.9	13,636.9	0.1	13,585.6	0.5
Loans	6,161.2	6,136.6	0.4	6,140.3	0.3
Equities	111.0	132.0	-15.9	104.7	6.0
Others	8,235.3	7,180.5	14.7	7,963.8	3.4
Investment yield	3.37%	3.30%	0.07%p	3.36%	0.01%p



# Orange Life Insurance Income

## Key Financial Indices

(KRW bil.)



## Key Financial Indices

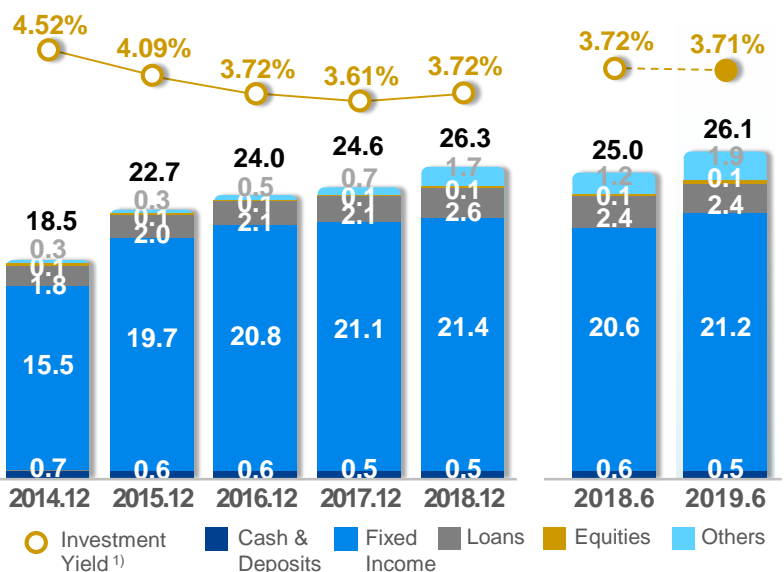
(KRW bil.)	1H19	1H18	YoY%	2Q19	1Q18	QoQ%
Prem. Received	2,142.6	2,089.6	2.5	1,053.9	1,088.7	-3.2
Annual Prem. Equivalent (APE)	348.5	286.8	21.5	166.6	181.9	-8.4
Protection APE	193.2	167.2	15.5	91.7	101.5	-9.7
Net Income	147.2	183.6	-19.9	66.8	80.4	-17.0
ROE	9.4%	10.1%	-0.7%p	9.4%	10.7%	-1.2%p
ROA	0.9%	1.2%	-0.3%p	0.9%	1.0%	-0.1%p
RBC	435.1%	437.9%	-2.8%p	435.1%	431.1%	4.0%p

Note1) Excluding Retirement Pension

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

## Operating Assets

(KRW tril.)



## Operating Assets

(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
Operating Assets	26,078.1	26,319.3	-0.9	24,964.8	4.5
Cash & Deposits	493.6	539.3	-8.5	580.1	-14.9
Fixed Income	21,187.0	21,401.5	-1.0	20,624.5	2.7
Loans	2,389.9	2,588.6	-7.7	2,415.7	-1.1
Equities	131.7	135.1	-2.5	112.3	17.3
Others	1,875.9	1,654.9	13.4	1,232.2	52.2
Investment yield	3.71%	3.72%	-0.02%p	3.72%	-0.01%p

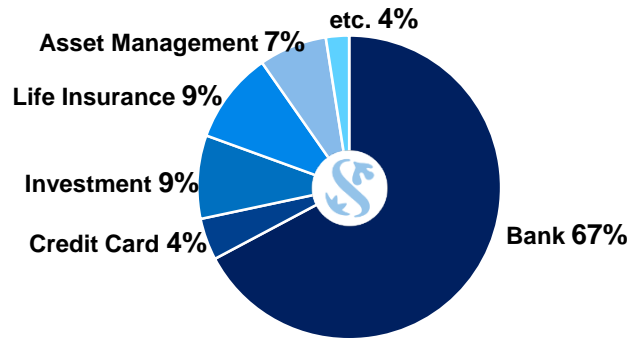
Note 1) Investment Yield: Total return, 12-month rolling basis, under IFRS9 (Pre-acquisition Orange Life figures are under IAS39)

## **Ⅲ. Assets & Liabilities**

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

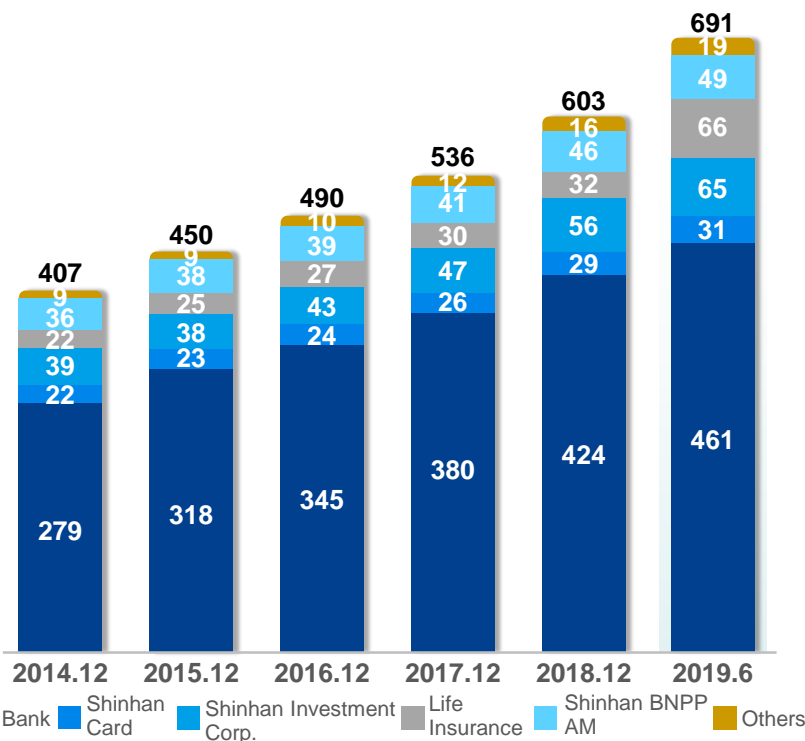


## Asset Contribution by Subsidiary



## SFG Total Assets

(KRW tril.)

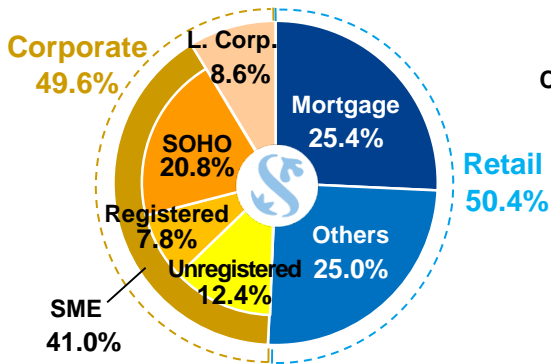


(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
<b>Bank (a)</b>	<b>461,390.4</b>	423,928.2	8.8	445,893.7	3.5
Shinhan Bank	455,413.4	417,947.3	9.0	439,944.6	3.5
Jeju Bank	5,977.0	5,980.9	-0.1	5,949.0	0.5
<b>Non-Bank (b)</b>	<b>224,772.1</b>	175,787.8	27.9	213,749.0	5.2
Shinhan Card	30,581.2	29,429.5	3.9	29,455.8	3.8
Shinhan Investment Corp.	64,822.1	55,703.6	16.4	58,984.3	9.9
Shinhan Life Insurance	32,898.3	31,823.6	3.4	32,389.8	1.6
Orange Life	32,659.3	-	-	32,287.2	1.2
Shinhan BNPP AM	49,116.8	46,165.7	6.4	47,944.6	2.4
Shinhan Capital	6,802.3	6,116.6	11.2	6,292.8	8.1
Shinhan Savings Bank	1,494.7	1,454.3	2.8	1,427.7	4.7
Asia Trust	151.3	-	-	-	-
Shinhan DS	90.7	43.1	110.4	83.5	8.6
Shinhan AITAS	68.7	65.7	4.6	66.9	2.8
Shinhan Credit Information	23.9	24.4	-2.1	23.9	-0.3
Shinhan Alternative Investment	2,400.6	1,211.6	98.1	1,538.8	56.0
Shinhan REITs Management	988.0	801.3	23.3	857.8	15.2
Others	2,671.6	2,948.6	-9.4	2,393.2	11.6
<b>Total <sup>1)</sup></b>	<b>690,539.3</b>	603,453.5	14.4	663,363.1	4.1
Consolidated Total Assets	530,148.8	459,600.5	15.3	513,865.3	3.2

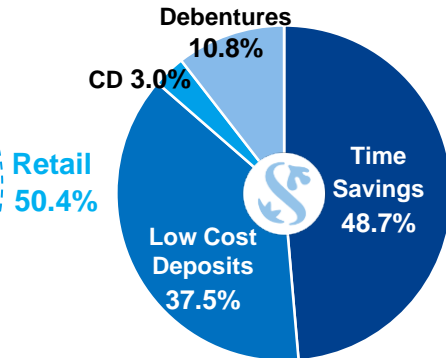
Note 1) Trust A/C of Shinhan Bank, Shinhan Investment Corp. and AUM(including ordinary discretionary assets) of Shinhan BNPP AM, Shinhan Alternative Investment, Shinhan REITs are included

# SHB Loan / Deposit Growth

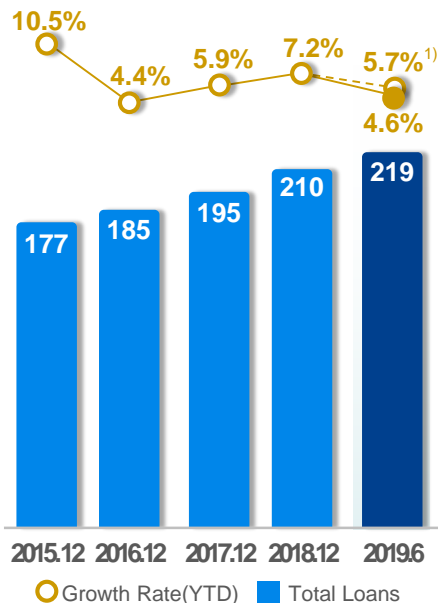
## Loan Composition



## Funding Composition

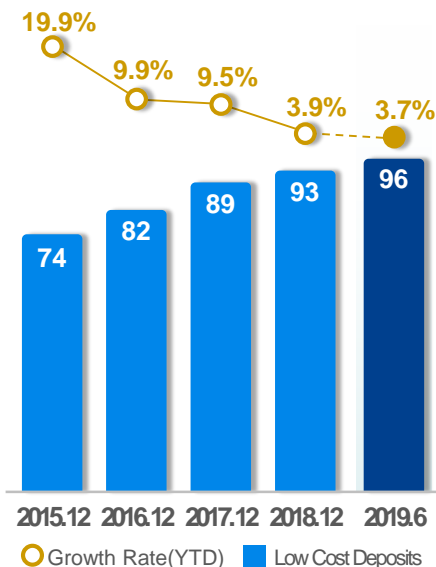


## KRW Loan Growth (KRW tril.)



Note 1) Including Loans Securitized

## Low Cost Deposits (KRW tril.)



Note 1) Including Deposits Securitized

(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
Loan in KRW	219,230	209,568	4.6	215,007	2.0
Retail	110,529	106,304	4.0	108,593	1.8
Mortgage	55,707	53,935	3.3	55,028	1.3
Others <sup>1)</sup>	54,822	52,369	4.7	53,566	2.4
Corporate	108,701	103,264	5.3	106,413	2.2
SME	89,856	84,974	5.7	87,584	2.7
SOHO	45,534	42,665	6.7	44,077	3.4
Large Corporate etc.	18,845	18,290	3.0	18,829	0.1
Loan in FX	9,546	7,807	22.3	9,105	5.6

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

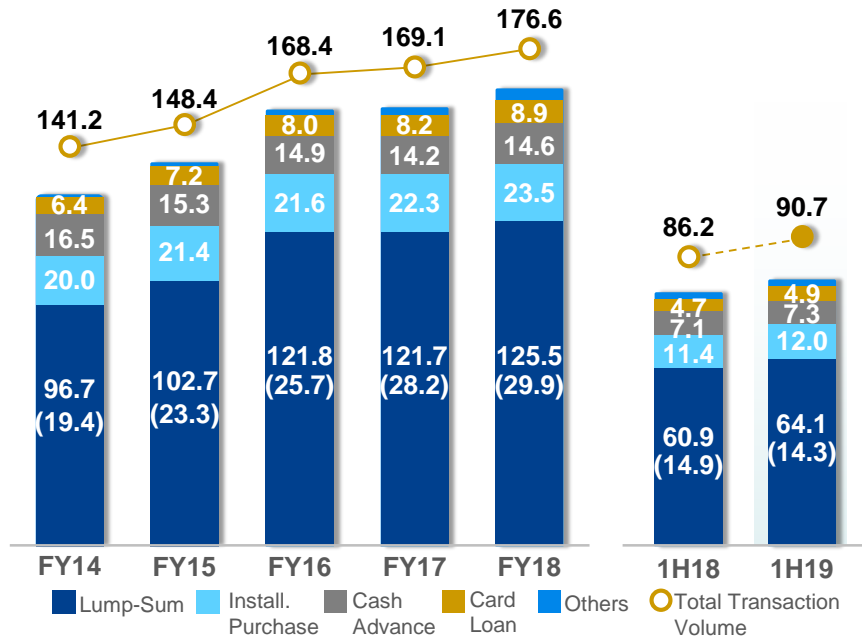
(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
Total Deposits in KRW	221,795	208,349	6.5	216,748	2.4
Low Cost Deposits	96,398	92,950	3.7	94,745	1.8
Demand	30,246	28,455	6.3	29,349	3.2
Savings	66,152	64,495	2.6	65,396	1.2
Time Savings	125,397	115,399	8.7	122,002	2.9
Time Deposits	116,618	106,684	9.3	113,306	3.1
Accumulative etc.	8,778	8,715	0.7	8,697	0.9
Certificate of Deposits	7,708	8,603	-10.4	7,828	-1.4
Debtentures in KRW	27,778	23,814	16.6	26,310	6.2



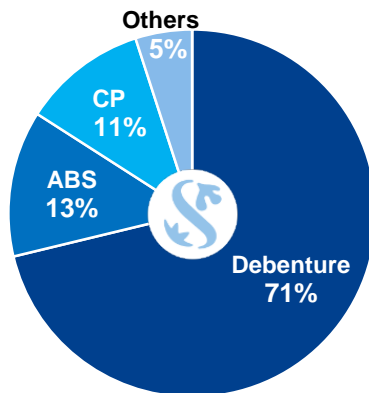
# Shinhan Card Asset Growth

## Transaction Volume

(KRW tril.)



## Funding Composition



(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
<b>Earning Assets</b>	<b>28,662</b>	27,254	5.2	27,704	3.5
Credit Purchase	14,114	14,015	0.7	13,786	2.4
Cash Advances	1,901	1,986	-4.3	1,914	-0.7
Card Loan	6,805	6,276	8.4	6,586	3.3
(Re-aged Loan)	243	239	1.8	243	-
Installment Finance	3,013	2,671	12.8	2,816	7.0
Lease etc.	2,828	2,306	22.6	2,601	8.7
Effective Cardholders (in thousands)	12,533	12,495	0.3	12,481	0.4
Merchants (in thousands)	2,868	2,810	2.1	2,835	1.2

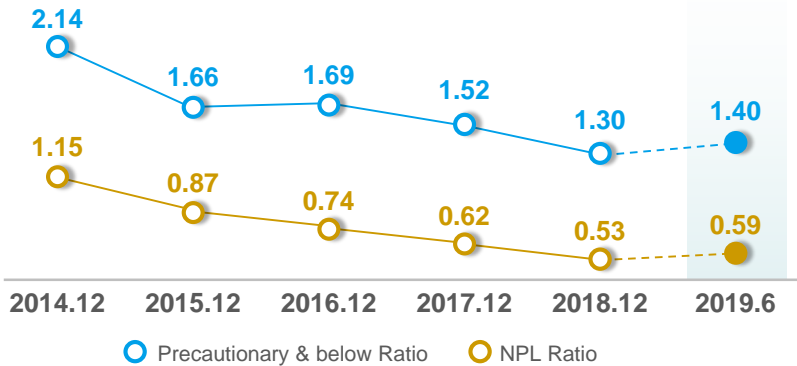
(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
<b>Total Funding</b>	<b>20,108</b>	19,033	5.6	19,175	4.9
Debentures	14,321	14,112	1.5	14,334	-0.1
ABS	2,586	2,556	1.1	2,621	-1.3
CP	2,200	1,665	32.1	1,520	44.7
Others	1,002	700	43.1	700	43.0

## IV. Asset Quality

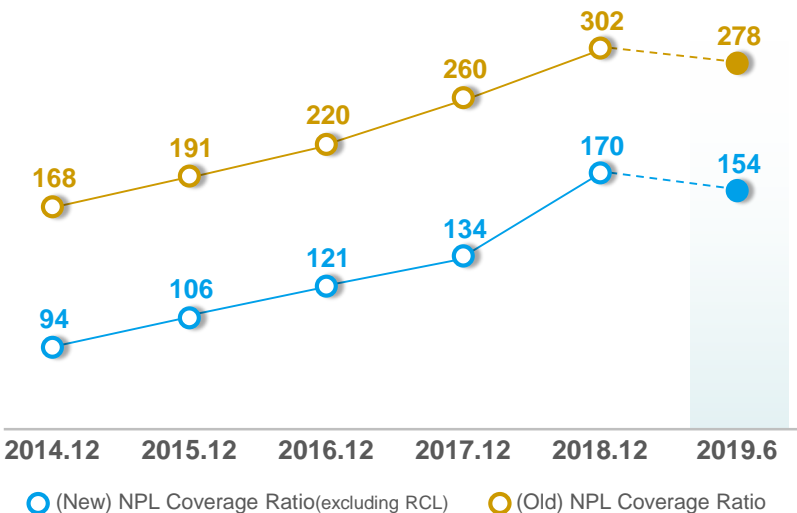
1. SFG Asset Quality
2. SHB Asset Quality
3. Shinhan Card Asset Quality
4. Provision for Credit Losses / Write-offs



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



## NPL Coverage Ratio (%)



(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
<b>Total Loans<sup>1)</sup></b>	<b>302,193</b>	287,918	5.0	295,961	2.1
<b>Normal</b>	<b>297,960</b>	284,181	4.8	292,025	2.0
<b>Precautionary</b>	<b>2,461</b>	2,226	10.6	2,335	5.4
<b>Substandard</b>	<b>610</b>	479	27.4	507	20.1
<b>Doubtful</b>	<b>450</b>	498	-9.7	542	-17.0
<b>Estimated Loss</b>	<b>712</b>	535	33.2	552	29.1
<b>Substandard &amp; Below</b>	<b>1,772</b>	1,512	17.2	1,601	10.6
<b>NPL Ratio</b>	<b>0.59%</b>	0.53%	0.06%p	0.54%	0.05%p
<b>Loan Loss Allowance<sup>2)</sup></b>	<b>4,918</b>	4,562	7.8	4,758	3.4
<b>Reserve for credit losses<sup>3)</sup></b>	<b>2,182</b>	1,987	9.8	2,135	2.2
<b>(New) NPL Coverage Ratio<sup>4)</sup></b>	<b>154%</b>	170%	-16%p	164%	-9%p
<b>(Old) NPL Coverage Ratio</b>	<b>278%</b>	302%	-24%p	297%	-19%p

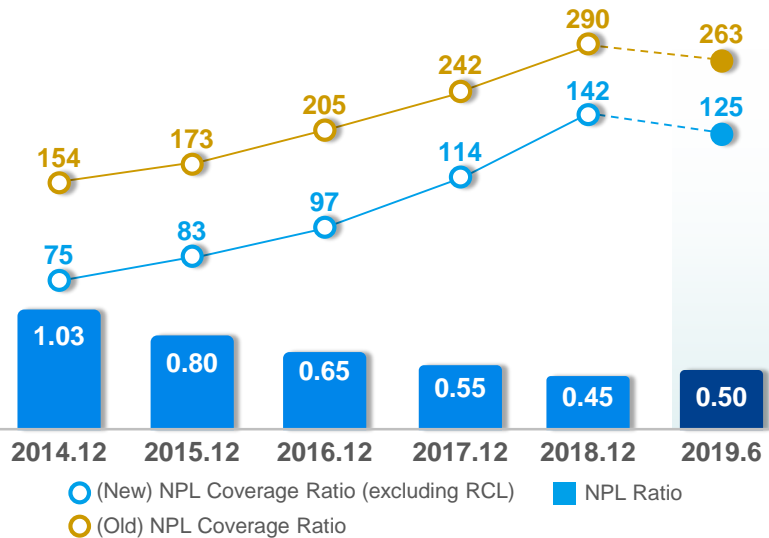
Note 1) Sum of Shinhan Bank, Jeju Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Orange Life, Shinhan Capital, Shinhan Savings Bank and Asia Trust.

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 (starting Dec. 2016)

## NPL Coverage Ratio & NPL Ratio (%)



## Delinquency Ratio (%)

### Total Delinquency



### SME(+SOHO)



### SOHO



### Retail



Note) 1 month overdue

(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
Total Loans	247,340	236,572	4.6	242,056	2.2
Normal	244,764	234,335	4.5	239,686	2.1
Precautionary	1,330	1,167	13.9	1,237	7.5
Substandard	554	424	30.8	457	21.3
Doubtful	261	334	-21.7	349	-25.2
Estimated Loss	431	313	37.8	326	32.1
Substandard & Below	1,246	1,070	16.5	1,133	10.1
NPL Ratio	0.50%	0.45%	0.05%p	0.47%	0.03%p
Loan Loss Allowance <sup>1)</sup>	3,282	3,105	5.7	3,213	2.2
Reserve for credit losses <sup>2)</sup>	1,724	1,588	8.5	1,715	0.5
(New) NPL Coverage Ratio <sup>3)</sup>	125%	142%	-17%p	132%	-7%p
(Old) NPL Coverage Ratio	263%	290%	-27%p	284%	-21%p

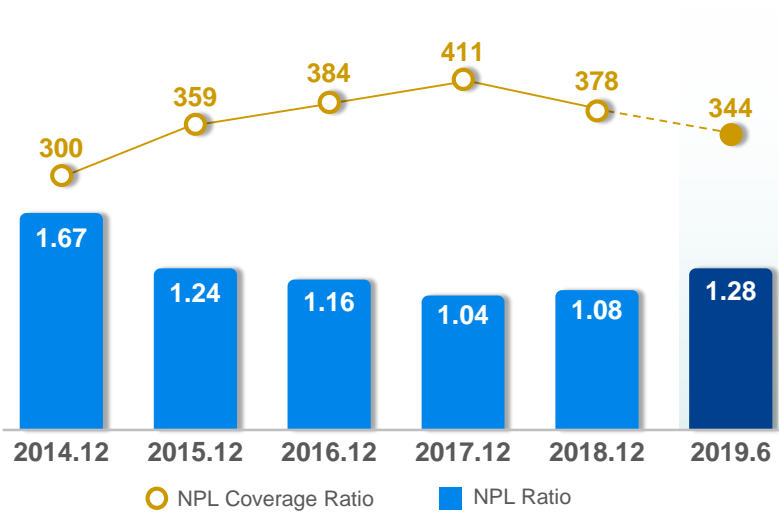
Note 1) Sum of IFRS standard LLA and reserves for credit losses

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

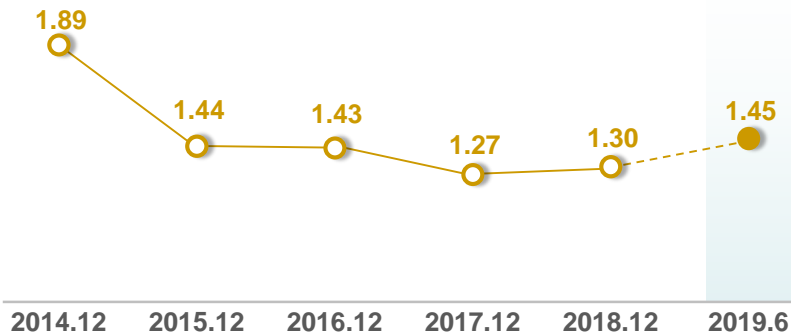
3) Excluding reserve for credit losses in accordance with the revision of relevant regulation (Dec. 2016)

# Shinhan Card Asset Quality

## NPL Ratio & NPL Coverage Ratio (%)



## Delinquency Ratio (%)



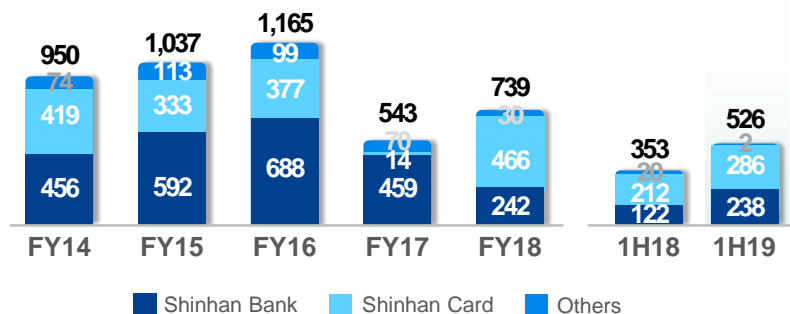
Note) 1 month overdue from total credit

(KRW bil.)	2019.6	2018.12	YTD%	2019.3	QoQ%
Total Loans	28,993	28,311	2.4	27,963	3.7
Normal	27,761	27,244	1.9	26,832	3.5
Precautionary	860	760	13.1	799	7.6
Substandard	-	-	-	-	-
Doubtful	144	135	6.3	161	-10.7
Estimated Loss	228	170	34.0	172	32.9
Substandard & Below	372	306	21.7	333	11.8
NPL Ratio	1.28%	1.08%	0.20%p	1.19%	0.09%p
Loan Loss Allowance <sup>1)</sup>	1,278	1,155	10.7	1,209	5.8
Reserve for credit losses	315	293	7.2	293	7.3
NPL Coverage Ratio	344%	378%	-34%p	363%	-20%p

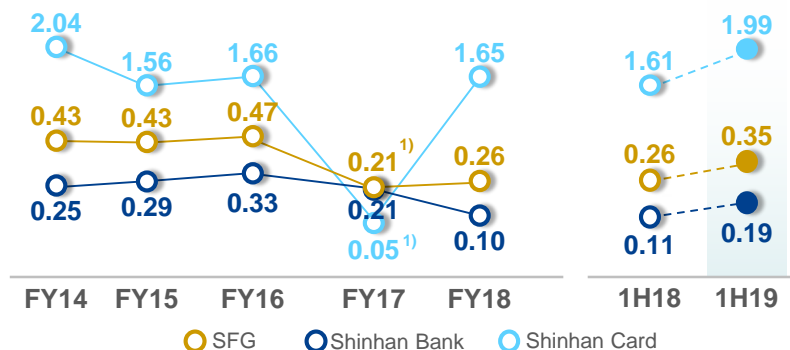
Note 1) Sum of IFRS standard LLA and reserves for credit losses (Excluding reserve for unused credit lines)

# Provision for Credit Losses / Write-Offs

## Provision for Credit Losses (KRW bil.)

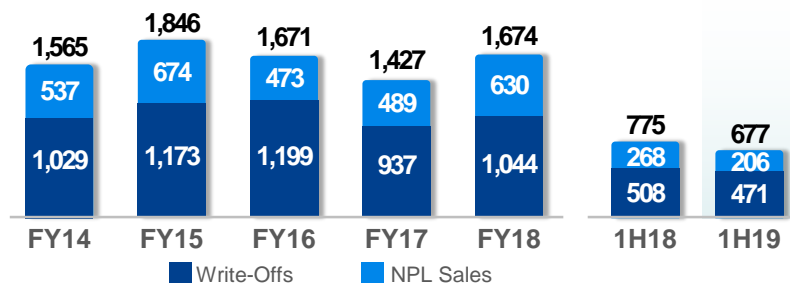


## Credit Cost Ratio (%)



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

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



## Provision for Credit Losses

(KRW bil.)	FY19	1Q19	2Q19	FY18	1Q18	2Q18	3Q18	4Q18
Shinhan Bank <sup>1)</sup>	211	76	135	217	86	37	28	65
Retail	111	53	58	180	49	32	64	34
Corporate	100	23	77	37	38	5	-37	30
Shinhan Card	286	157	129	466	91	121	157	98
Total	497	233	264	683	177	158	184	163

Note 1) SHB figures are separate basis

## Write-Offs & NPL Sales

(KRW bil.)	FY19	1Q19	2Q19	FY18	1Q18	2Q18	3Q18	4Q18
Shinhan Bank	396	198	198	1,097	149	361	265	322
Write-Off	190	83	108	467	69	174	113	112
Retail	107	48	59	200	47	64	51	38
Corporate	83	35	48	267	22	109	61	74
Sale	205	115	90	630	81	187	152	210
Retail	42	22	20	80	13	20	21	26
Corporate	163	93	70	550	68	167	132	184
Shinhan Card	282	157	124	577	120	145	154	158
Total	677	355	322	1,674	270	506	419	480

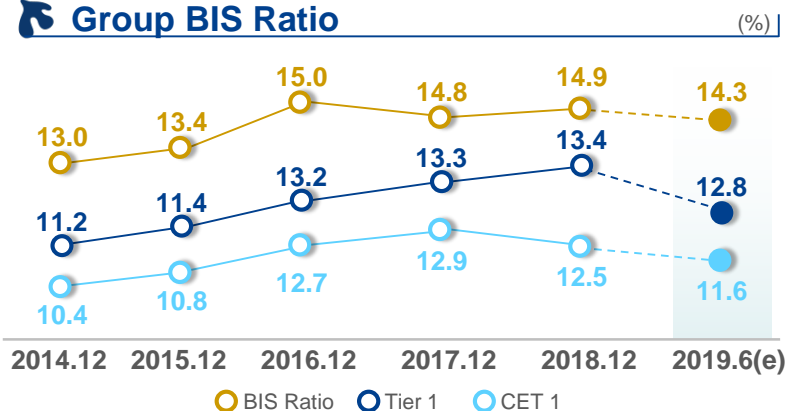


# **V . Capital Adequacy & Key Financial Indices**

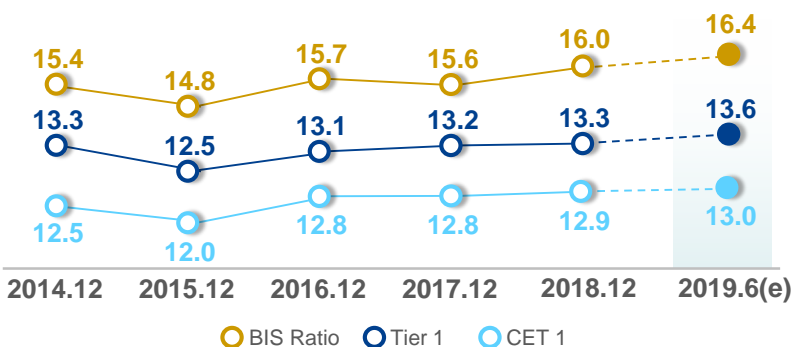
- 1. Capital Adequacy**
- 2. Key Financial Indices**



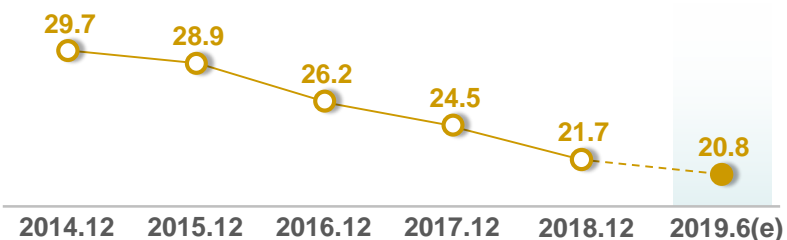
## Group BIS Ratio



## Shinhan Bank BIS Ratio



## Shinhan Card Capital Adequacy Ratio



## Group BIS Ratio

(KRW bil.)	2019.6(e)	2018.12	YTD%	2019.3	QoQ%
Risk-Weighted Assets	245,123	228,678	7.2	236,903	3.5
Capital	34,985	33,993	2.9	33,224	5.3
CET 1	28,385	28,696	-1.1	27,853	1.9
Tier 1	31,496	30,678	2.7	30,016	4.9
BIS Ratio	14.3%	14.9%	-0.6%p	14.0%	0.3%p
CET 1	11.6%	12.5%	-1.1%p	11.8%	-0.2%p
Tier 1	12.8%	13.4%	-0.6%p	12.7%	0.2%p

Note) Based on Basel3

## Shinhan Bank BIS Ratio

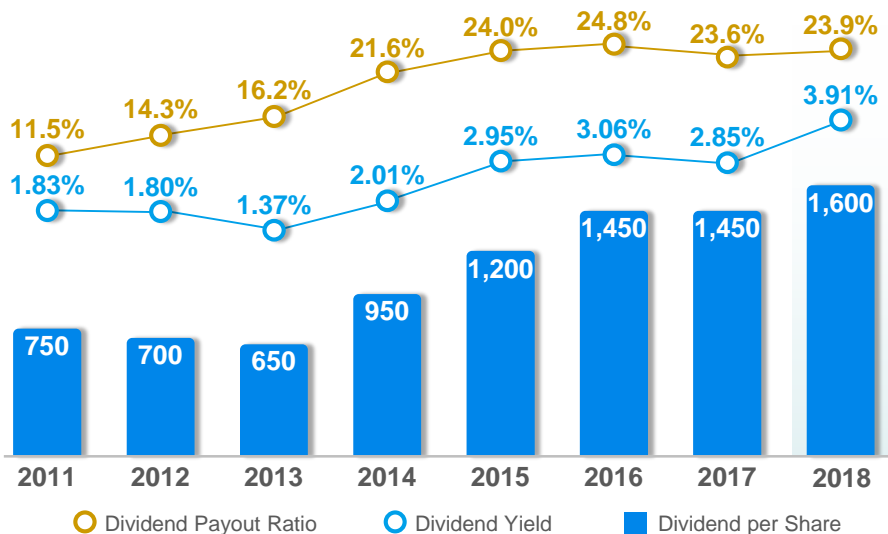
(KRW bil.)	2019.6(e)	2018.12	YTD%	2019.3	QoQ%
Risk-Weighted Assets	177,237	171,593	3.3	174,083	1.8
Capital	28,992	27,500	5.4	27,746	4.5
CET 1	23,028	22,114	4.1	22,291	3.3
Tier 1	24,026	22,812	5.3	23,289	3.2
BIS Ratio	16.4%	16.0%	0.4%p	15.9%	0.5%p
CET 1	13.0%	12.9%	0.1%p	12.8%	0.2%p
Tier 1	13.6%	13.3%	0.3%p	13.4%	0.2%p

Note) Based on Basel3

# Key Financial Indices

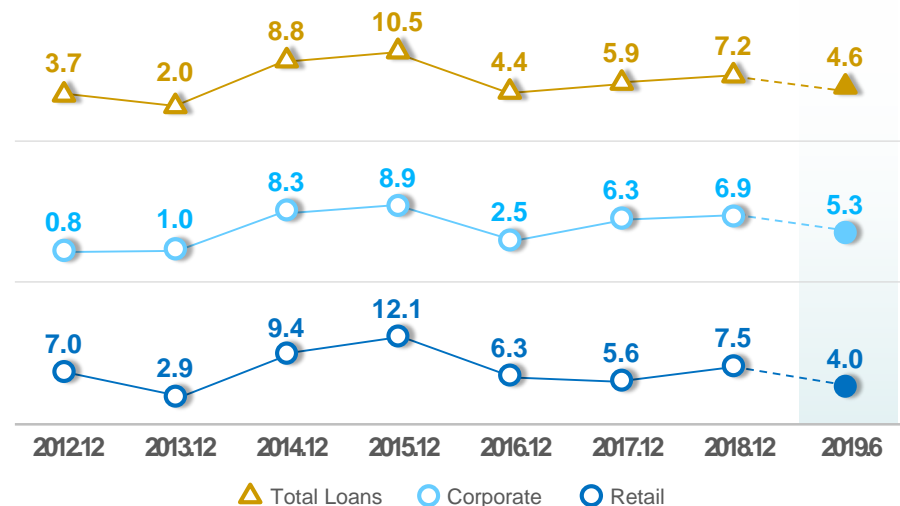
## Dividend

(KRW)



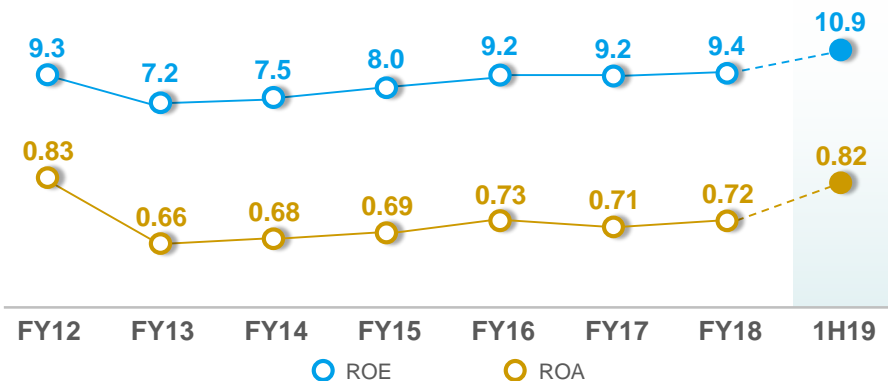
## SHB Loan Growth Rate

(%)



## ROA / ROE

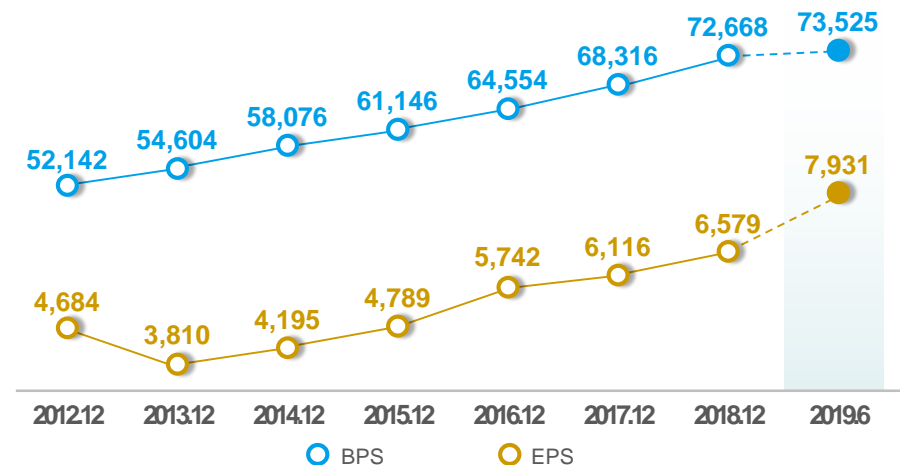
(%)



Note) ROEs are based on common stocks excluding treasury shares

## BPS / EPS

(KRW)



Note) Based on common stocks excluding treasury shares

## **VI. Appendix**

- 1. SHB SME Loans**
- 2. SHB Retail Loans**
- 3. SHB International Business**

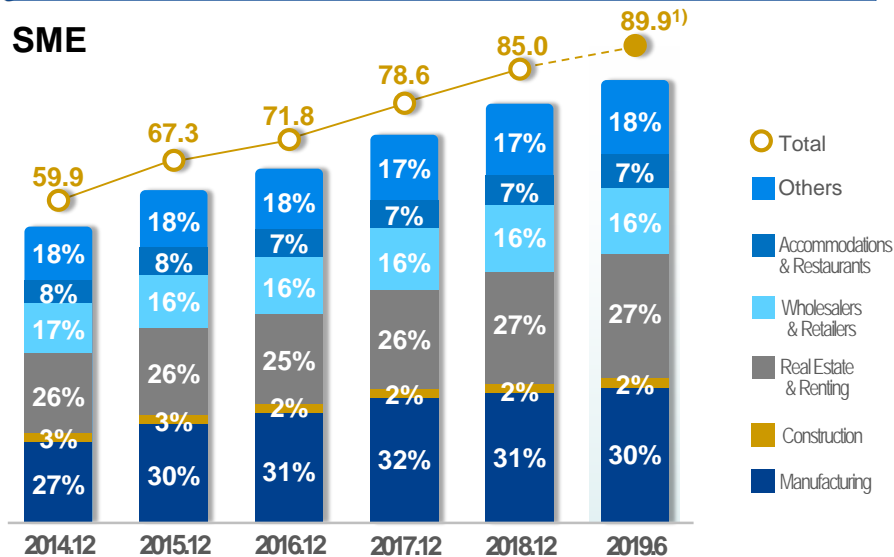


# SHB SME Loans ①

## Loans

(KRW tril.)

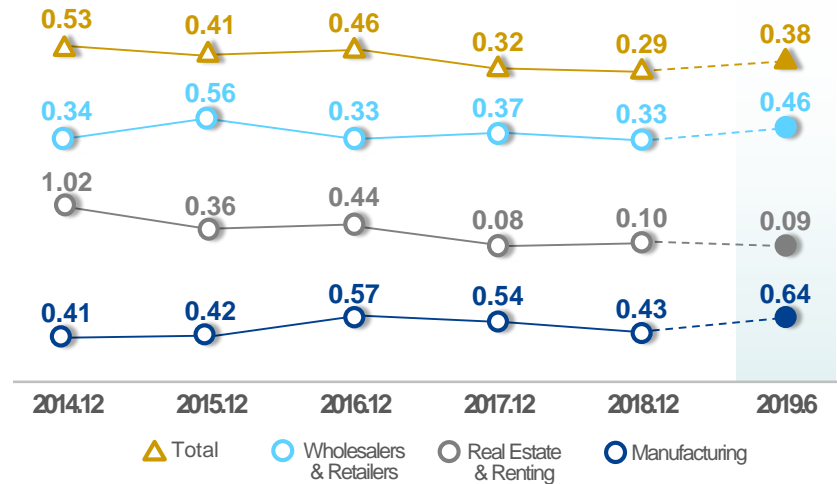
### SME



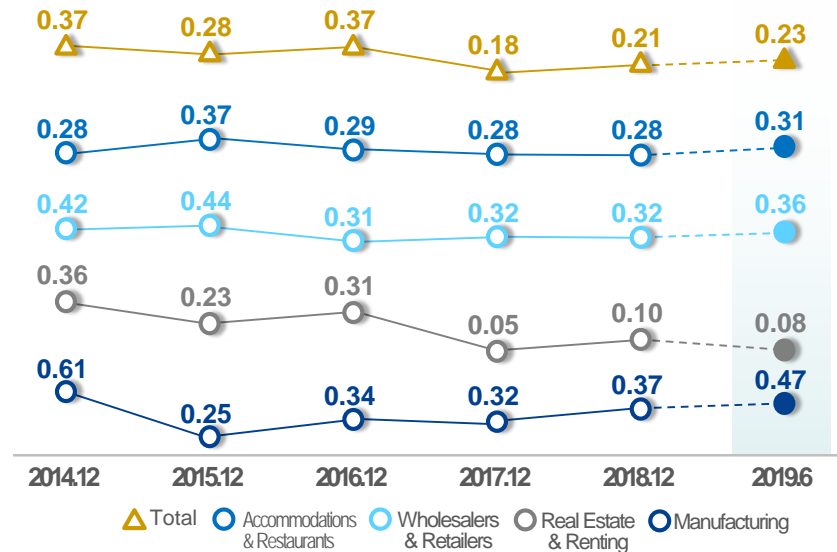
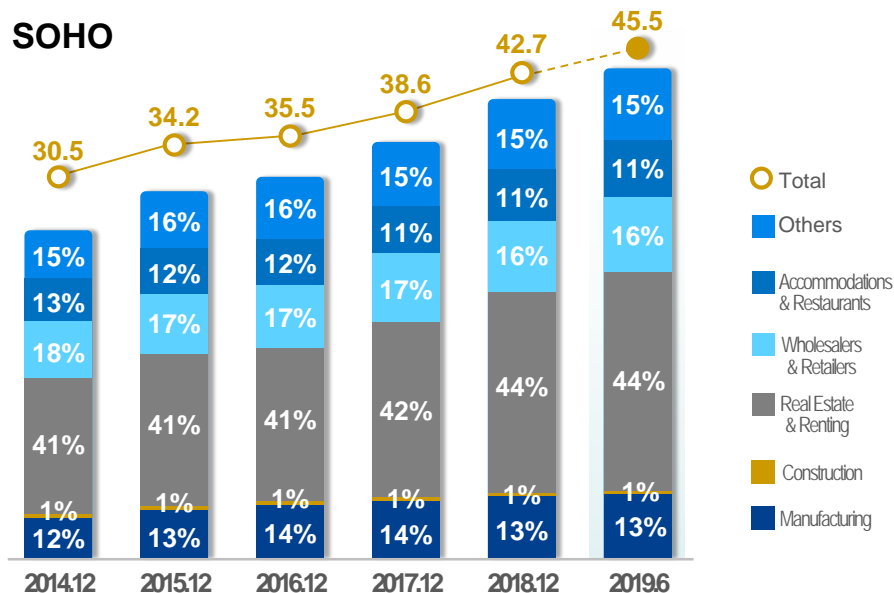
Note 1) SOHO 51%, Registered 19%, Unregistered 30%

## Delinquency

(%)

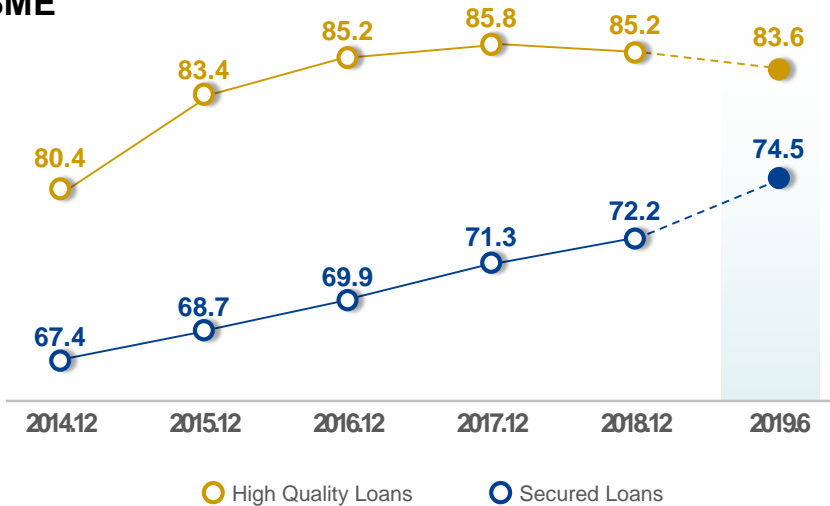


### SOHO

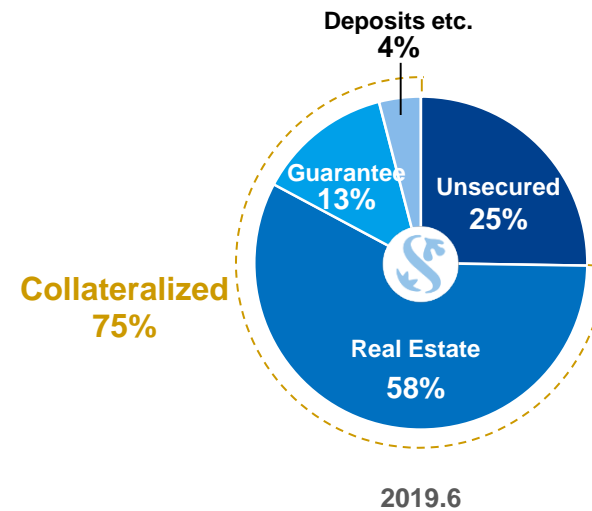


## Quality Loans<sup>1)</sup> and Collateralization (%)

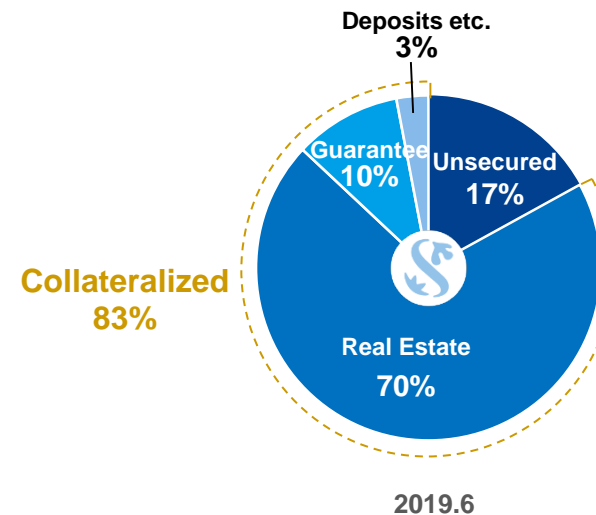
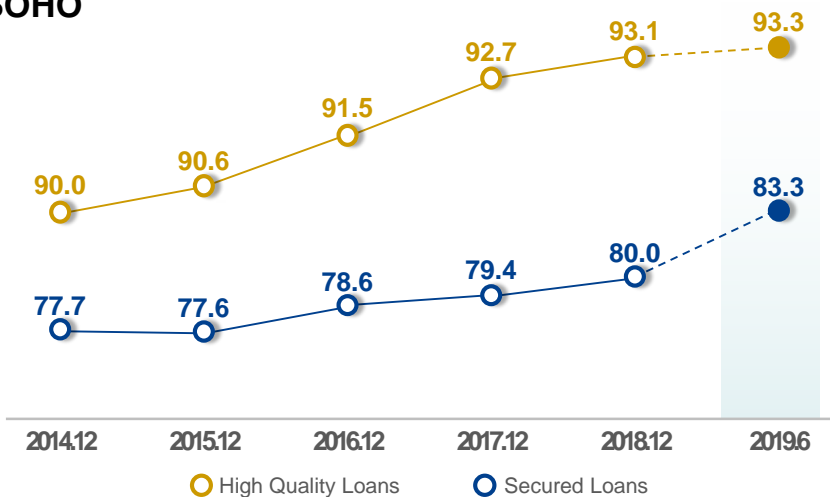
### SME



## Collateral



### SOHO

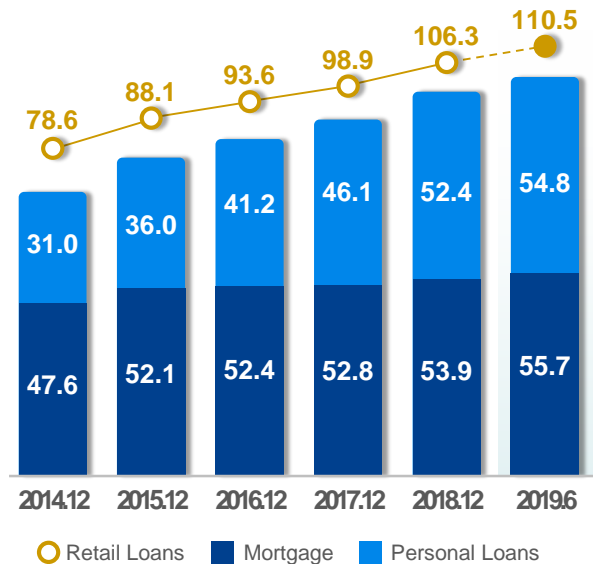


1) SHB Loans with above BBB- credit standing

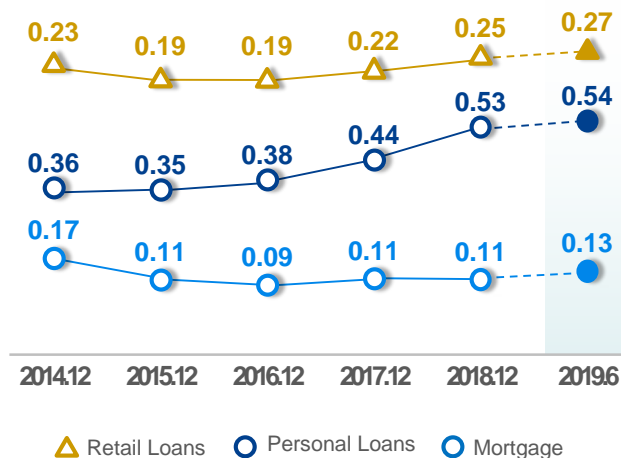


# SHB Retail Loans

## Loans (KRW tril.)

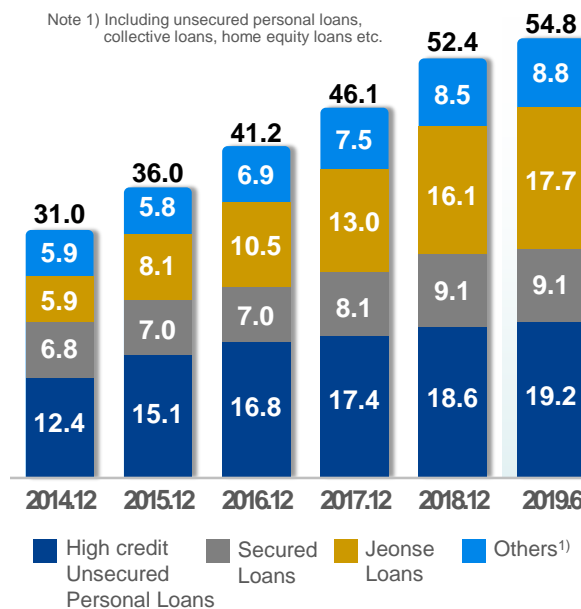


## Delinquency (%)

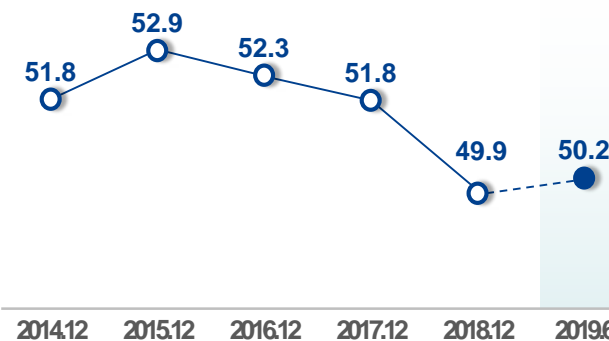


## Retail Personal Loans (KRW tril.)

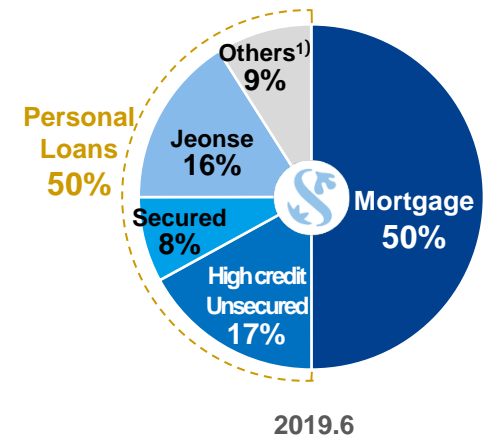
Note 1) Including unsecured personal loans, collective loans, home equity loans etc.



## LTV (%)

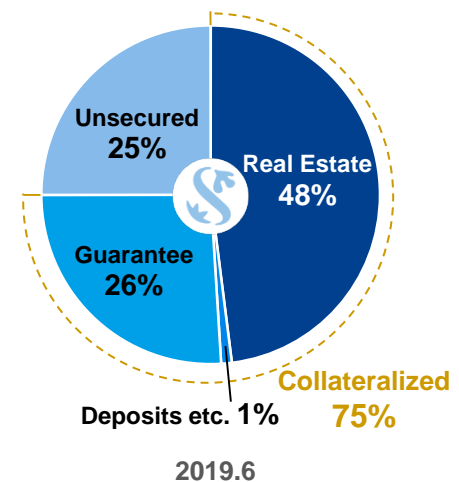


## Loan Composition

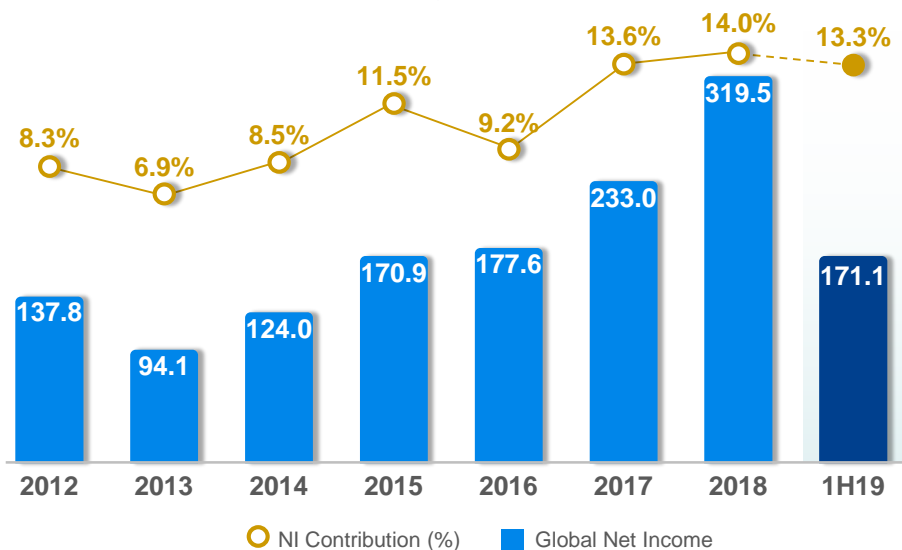


Note 1) Including unsecured personal loans, collective loans, home equity loans etc.

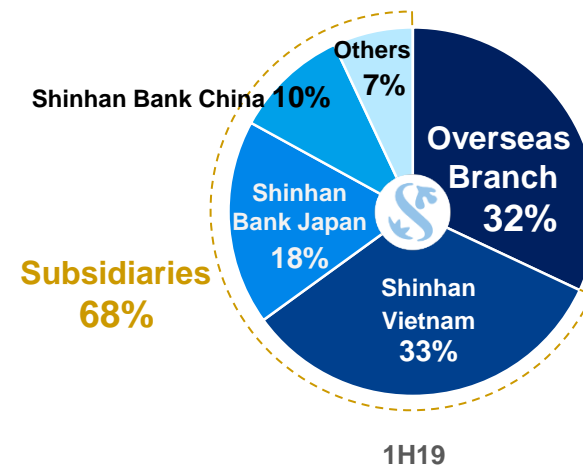
## Collateral



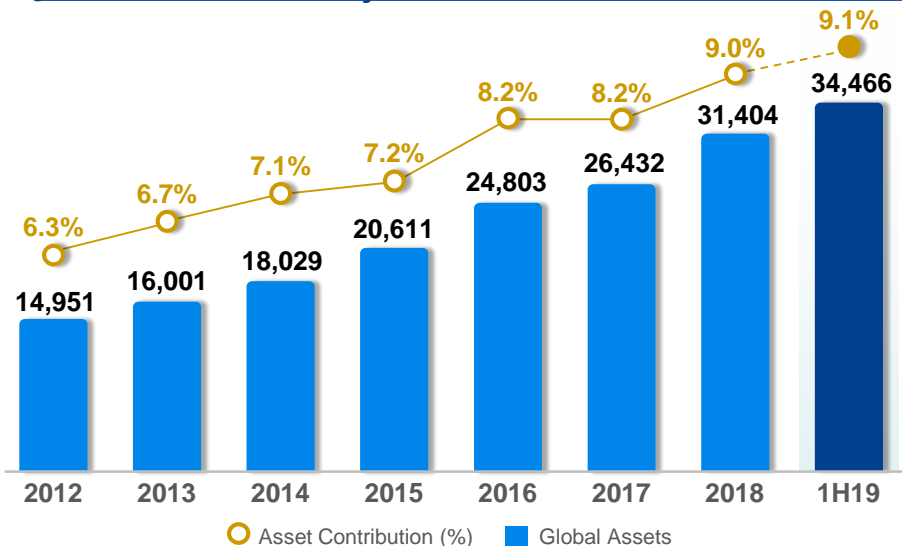
## Net Income Contribution by International Business (KRW bil.)



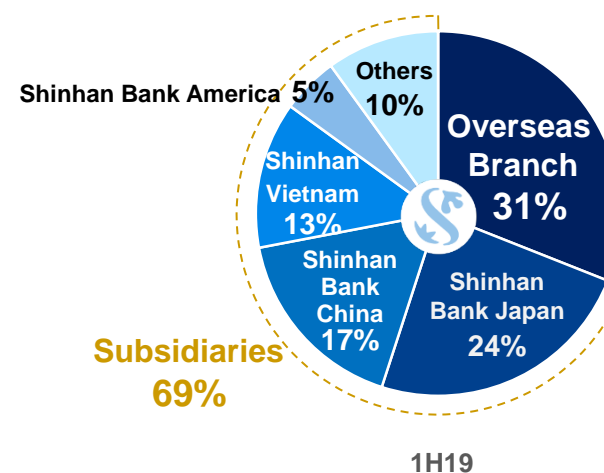
## Net Income Composition



## Asset Contribution by International Business (KRW bil.)



## Asset Composition



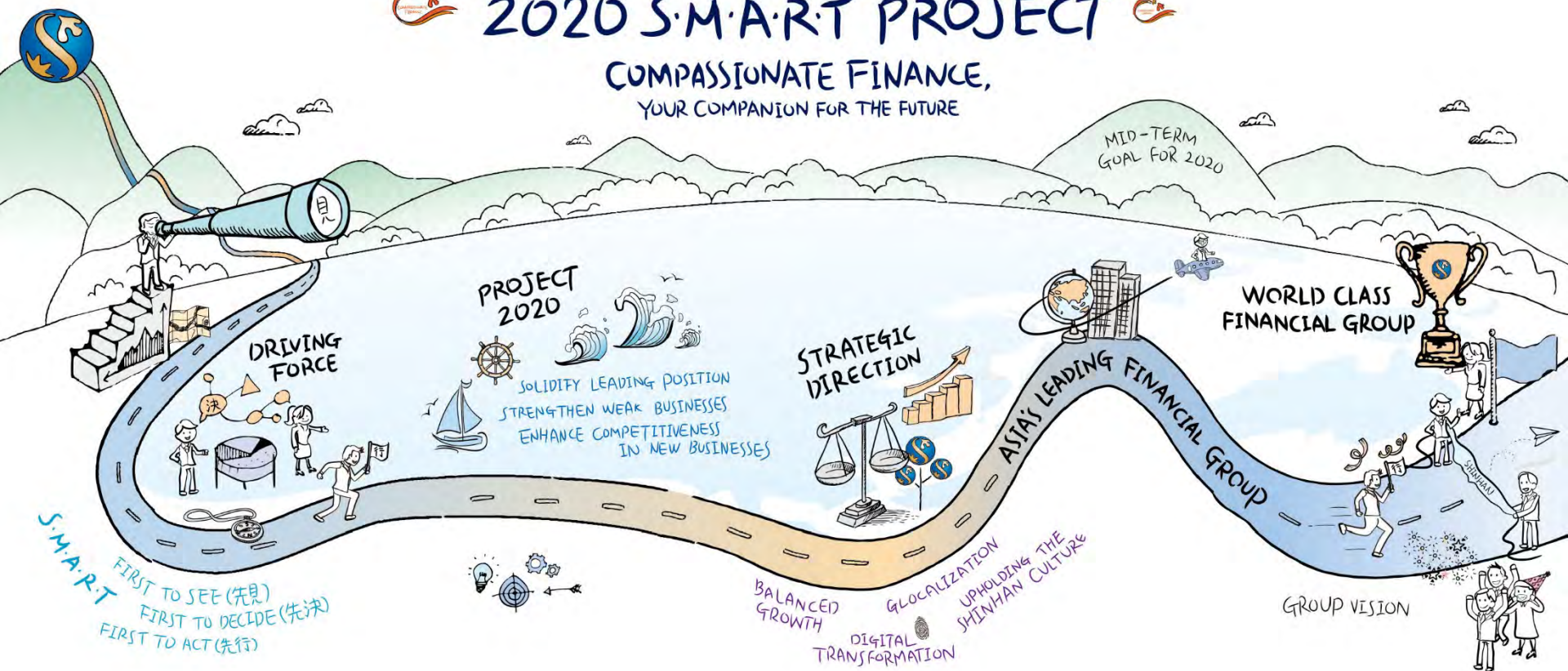
Note) KRW amounts of the net income are converted based on the average FX rates of the respective periods, and the assets are converted based on the FX rates at the end of the respective periods



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