

Business Results

2017 1H

Summer



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 audited by independent auditors. The information contained herein is subject to change without further notice.

We also note the following:

- 1) Financial information has been prepared in accordance with the Korean IFRS.
- 2) Financial information for the years ended December 31, 2011, 2012 and 2013 have been retroactively restated to reflect changes in accounting policies.

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



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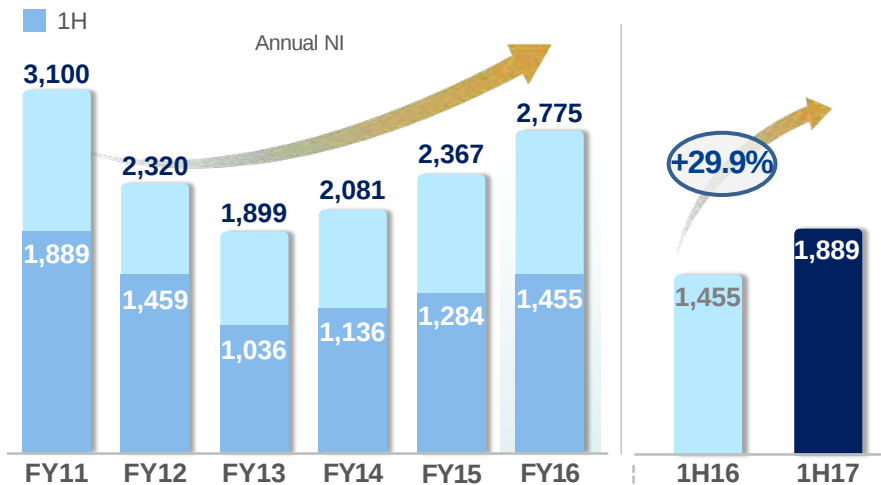
- I . 2017 1H Business Results Highlights
- II . Income
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- IV . Asset Quality
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2017 1H Business Results Highlights ①

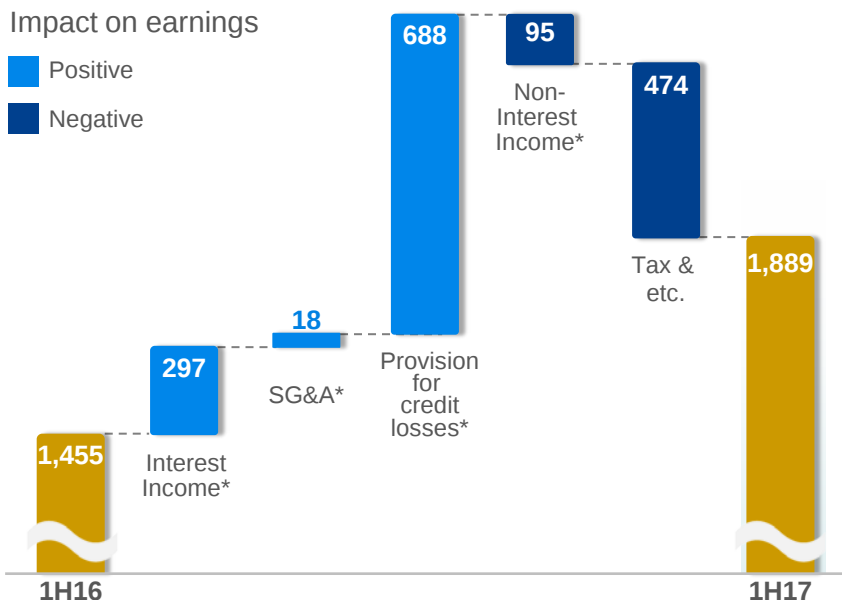
Group Net Income

(KRW bil.)



Impact on earnings

Positive
Negative



* Earnings before income tax

1

Net Income improvement realized across major business lines : Bank, Card, Securities, AM, Capital etc.

1,889 bil.

(2017 1H Net Income, Accumulated)

2

Solid core earnings growth achieved by continuing NIM expansion along with resilient loan growth

1.56%

(SHB Quarterly NIM, 2Q17)

3

Cost management consistently maintained throughout the business lines

Δ0.8%

(SG&A Growth YoY, 1H16 vs 1H17)

4

Credit cost brought down to historically lowest level (on recurring basis)

25bp

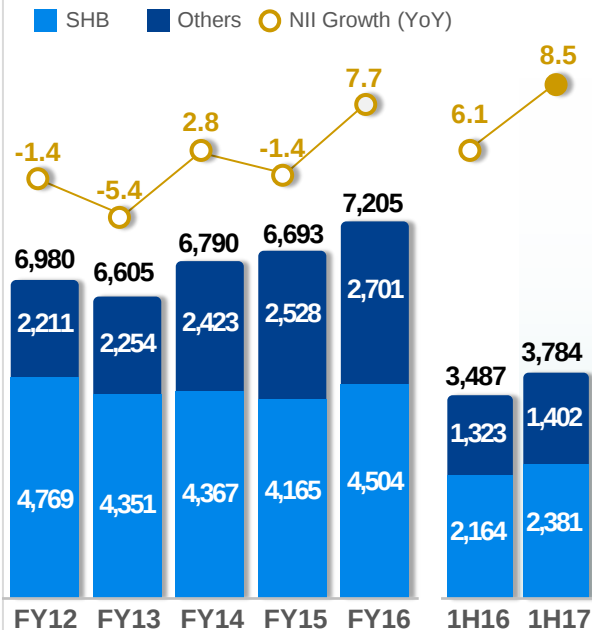
(Normalized credit cost ratio excluding write-backs from SHC)

- NI hiked 29.9% YoY, SFG's record high marking of first half results KRW 1,889bil. in 1H17.
- Strong 2017 1H operating performance underpinned by solid earnings contribution from both Bank and Non-Bank operations.
- SFG has proven again, its competitive strengths in operation capability through 2017 1H results.

2017 1H Business Results Highlights ②

Interest Income

(%, KRW bil.)

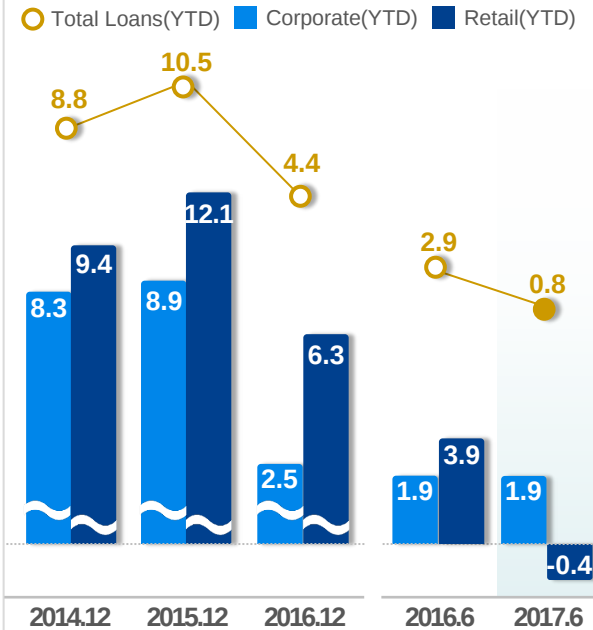


NII Riding Upward Trajectory

- SFG's Interest income increased by 8.5% YoY attributed to resilient loan growth coupled with continuing margin improvement.
- NII improvement is attributed to constant drive to focus on quality asset growth over the past 3 years.

SHB Loan Growth

(%)

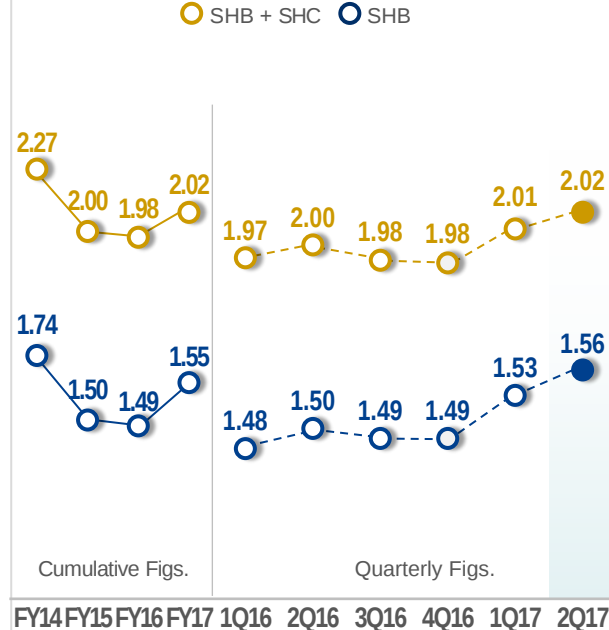


Resilient Loan Growth

- KRW loan balance as end of 1H17 marked 186 tril. up by 0.8% YTD and 1.3% QoQ.(up by 1.8% YTD., incl. mortgage securitization)
- Growth was mostly driven by two sectors; SME loan and Retail personal loan, each increased by 2.2% and 4.0% QoQ respectively.
- Low cost deposits increased by 6.9% YTD, whereas time savings decreased by 5.9% YTD.

NIM

(%)

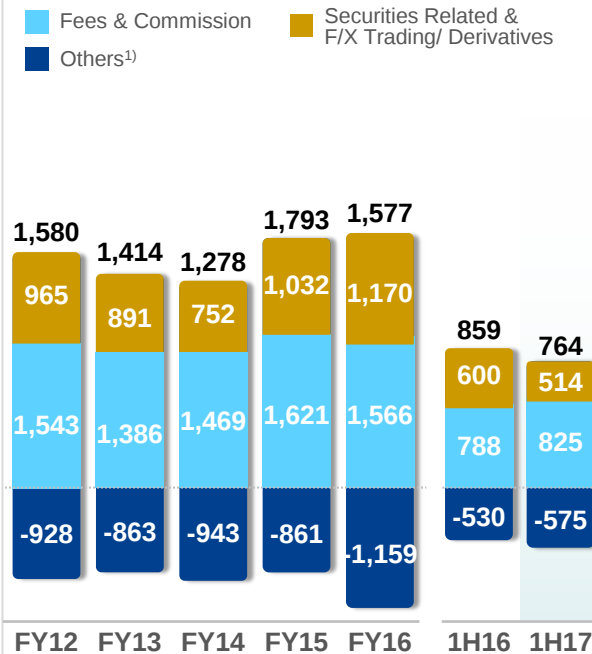


NIM Improvement

- Group NIM marked 2.02%, 1bp improvement QoQ. NIM is consistently showing improvement trend.
- SHB's NIM improved by 3bp QoQ to 1.56% from 1.53%. Attributed to 1) stabilizing market interest rate, 2) defensive pricing policy, 3) incremental drop in deposit yield based on effective A&L management along with year-round efforts to draw more low-cost deposits

2017 1H Business Results Highlights ③

Non-Interest Income (% , KRW bil.)

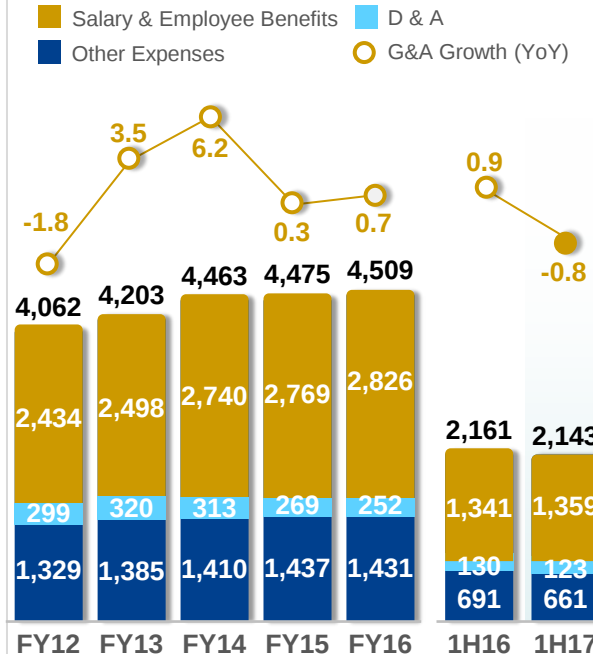


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

Resilient Fee Income

- Non-interest income dropped by 11.0% YoY, due to decreased non-recurring sales gains from securities disposal and absence of one-off derivative gains in 1Q16. However, general fee income increased YoY.
- NI contribution from non-bank subsidiaries during 1H17 improved by 9%p reaching 44% out of the group's total net profit.

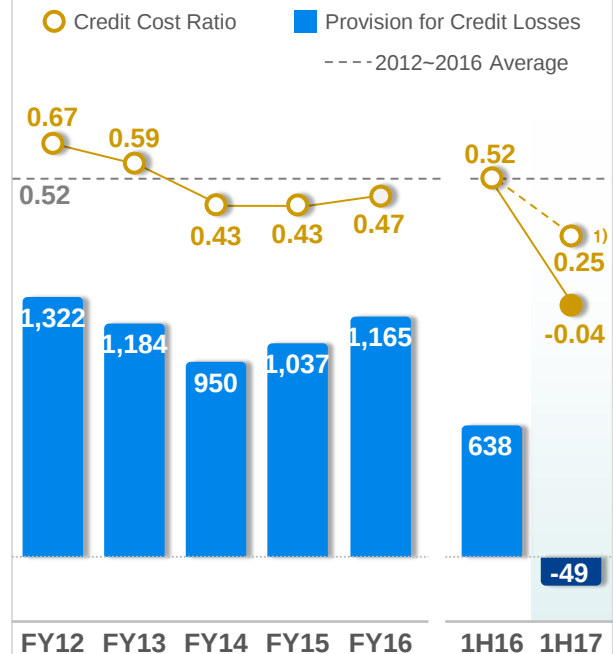
G&A Expenses (% , KRW bil.)



Disciplined Cost Management

- SG&A declined by 0.8% YoY, through continuous tightened cost control.
- SG&A well-tamed below 1% level for three consecutive years attributed to group-wide persistent cost control strategy.

Credit Cost (% , KRW bil.)



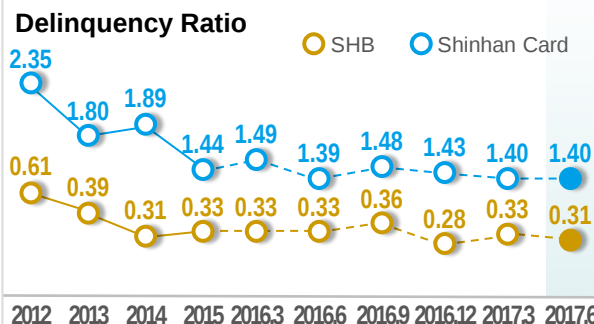
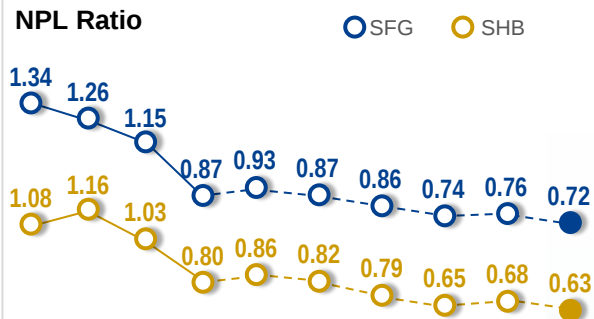
Note 1) Excluding write-backs from Shinhan Card

Record Low Credit Cost

- Credit cost trend entered into a improvement trajectory, continuously stabilizing.
- SHB's provision has decreased by 76.2% YoY to 108bil., attributed to stable asset quality and elimination of one-off provision burdens related to restructuring companies(Shipping & Shipbuilding) in 1H16.
- SHC had a significant drop in credit cost YoY, mainly due to reversal of allowances in 1Q17. Excluding one-offs, provision YoY had a slight increase mainly due to credit card loan growth.

2017 1H Business Results Highlights ④

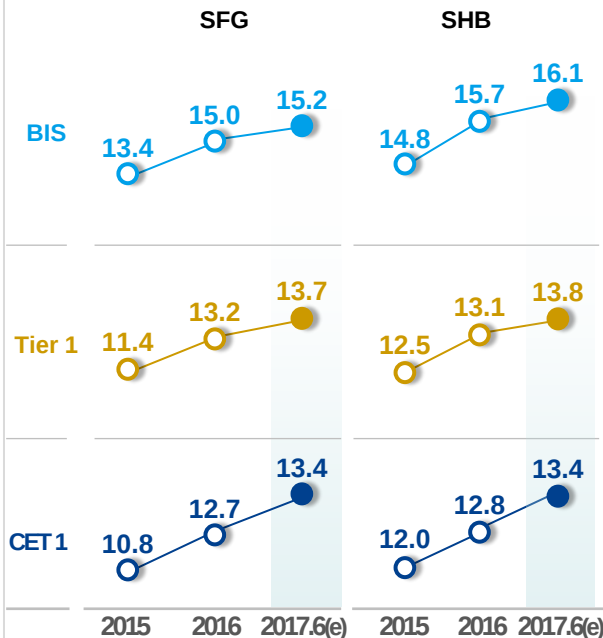
Asset Quality (%)



Benign Asset Quality Issues

- NPL ratio for the Group and SHB recorded 0.72% and 0.63%, improved by 4bp and 5bp QoQ respectively.
- NPL coverage ratio for the Group and SHB each marked 225% and 211%, increasing by 9%p and 11%p QoQ respectively.
- Delinquency ratio for SHC marked 1.40%, maintained at same level QoQ, whereas SHB marked 1.31%, improving by 0.02%p.
- During 1H17, the total amount of NPL write-offs/sales were KRW 595 bil., reduced by 306bil. (-33.9%) YoY.

Capital Adequacy (%)

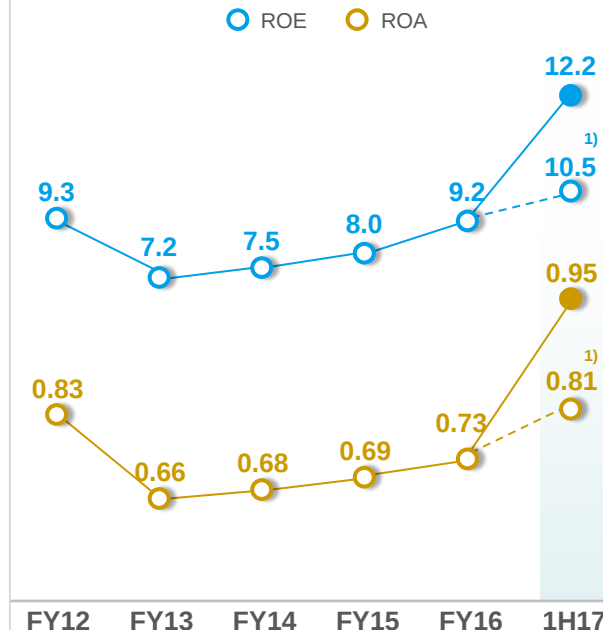


Note) Based on Basel 3

Strong Capital Base

- Based on BASEL3, Group's Common Equity Tier1 and BIS ratio each marked 13.4% and 15.2% driven by growth in earnings with suitable level of risk weighted asset growth.
- Based on BASEL3, SHB's Common Equity Tier1 and BIS ratio each marked 13.4% and 16.1%.

ROE & ROA (%)



Note 1) Excluding write-backs from Shinhan Card

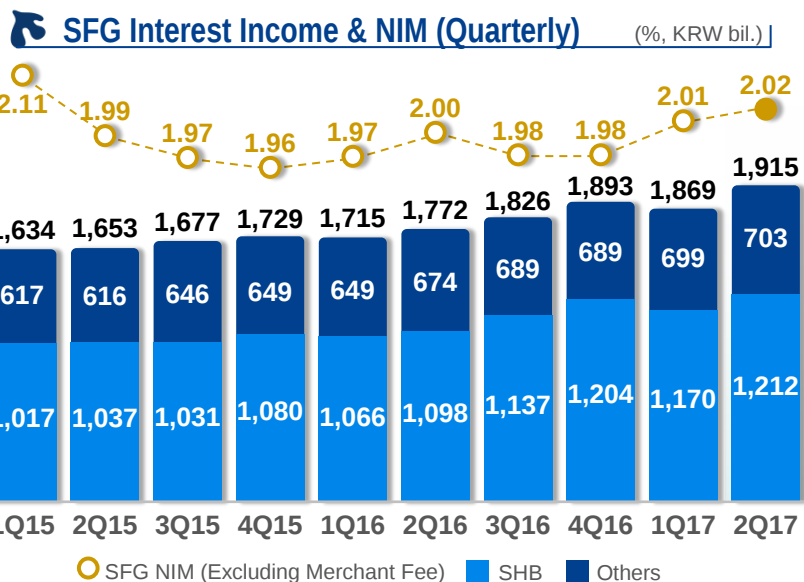
ROE and ROA Improvement

- Group ROE recorded 12.2%, 3.0%p hike YTD driven by solid earning growth.
- Group ROA recorded 0.95%, 0.22%p improvement YTD attributed to strong operating performance both from bank and non-bank subsidiaries with healthy trend in NIM and credit cost.

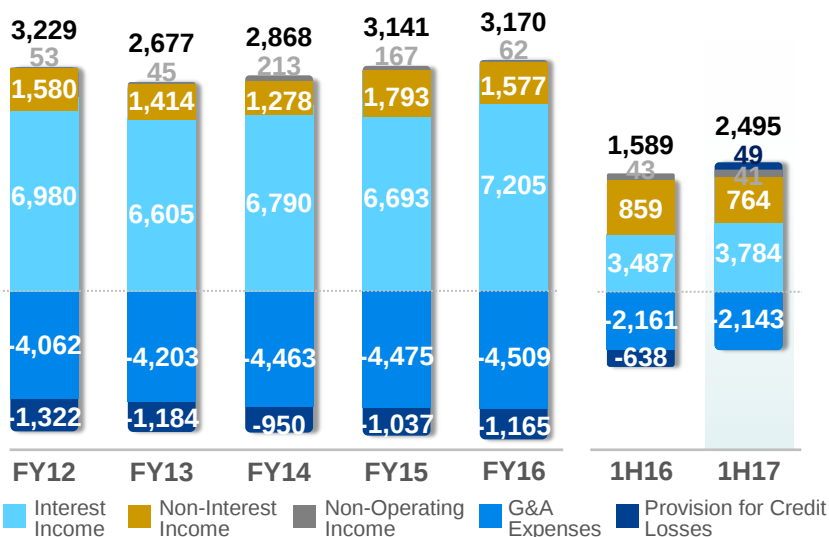
II . Income

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





SFG Earnings before Income Tax (KRW bil.)



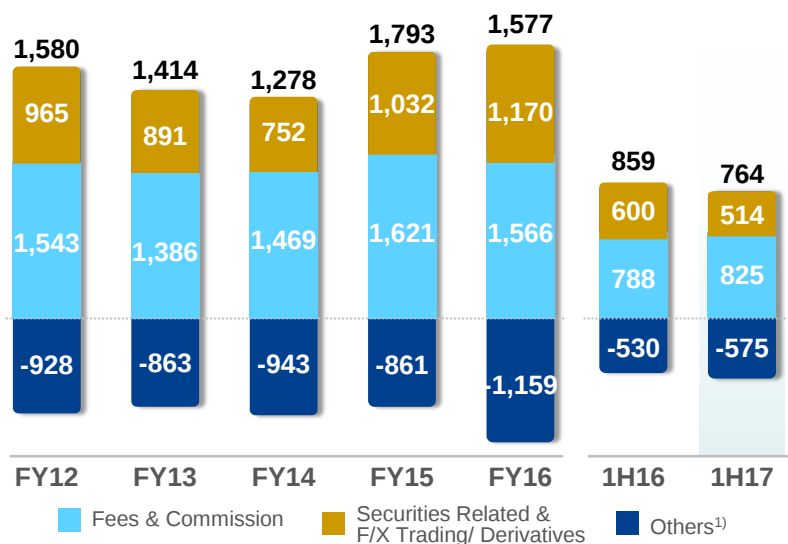
(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Operating Income (a=b+c)	4,547.8	4,345.3	4.7	2,381.2	2,166.6	9.9
Interest Income (b)	3,783.9	3,486.7	8.5	1,914.7	1,869.2	2.4
Non-Interest Income (c)	763.9	858.6	-11.0	466.5	297.4	56.9
G&A Expenses (d)	2,143.2	2,161.4	-0.8	1,078.4	1,064.8	1.3
Pre-Provision Oper. Income (e=a-d)	2,404.6	2,183.9	10.1	1,302.8	1,101.8	18.2
Non-Operating Income (f)	41.4	42.9	-3.5	34.0	7.5	355.8
Pre-Provision Income (g=e+f)	2,446.1	2,226.9	9.8	1,336.8	1,109.3	20.5
Provision for Credit Losses (h)	-49.2	638.3	n.a.	147.3	-196.5	n.a.
Earnings before Income Tax (i=g-h)	2,495.2	1,588.6	57.1	1,189.5	1,305.7	-8.9
Income Tax	586.1	100.4	483.5	287.6	298.5	-3.6
Consolidated Net Income ¹⁾	1,889.1	1,454.8	29.9	892.0	997.1	-10.5

Note 1) Net Income in Controlling Interest

SFG Non-Interest Income

SFG Non-Interest Income

(KRW bil.)

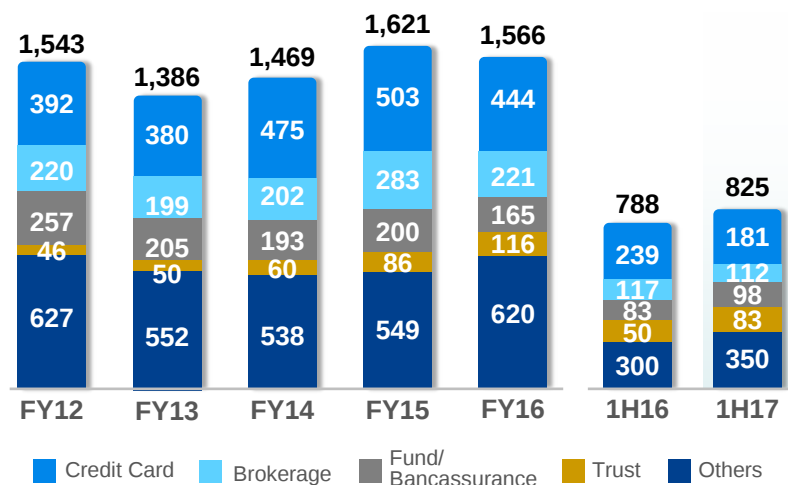


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Non-Interest Income	763.9	858.6	-11.0	466.5	297.4	56.9
Fees & Commission	824.7	788.1	4.6	437.1	387.6	12.8
Securities Related & FX Trading/Derivatives	513.8	600.3	-14.4	332.0	181.9	82.5
(Gains on Sale of AFS Securities)	250.9	354.6	-29.2	197.2	53.7	267.1
(Impairment Loss on AFS Securities)	-19.0	-67.1	n.a.	-11.9	-7.0	n.a.
Others	-574.6	-529.8	n.a.	-302.6	-272.1	n.a.
(Contribution Expenses)	-123.8	-126.0	n.a.	-62.6	-61.2	n.a.
(Insurance Fees on Deposits)	-166.6	-153.1	n.a.	-83.2	-83.4	n.a.

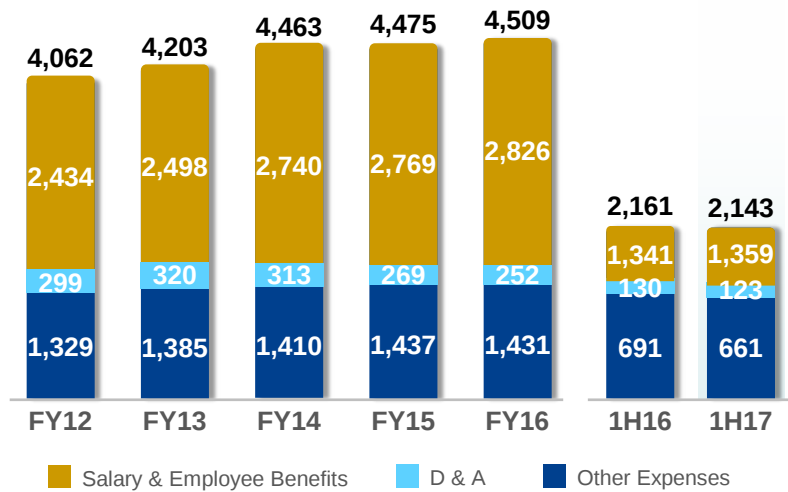
SFG Fees & Commission

(KRW bil.)

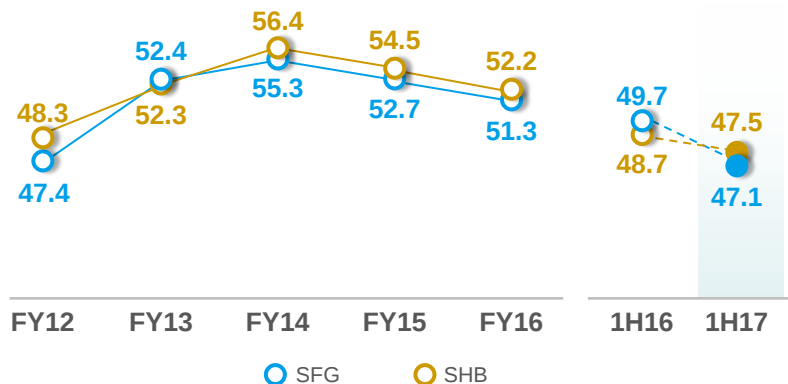


(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Fees & Commission	824.7	788.1	4.6	437.1	387.6	12.8
Credit Card Fee Income	181.3	238.7	-24.0	97.4	83.9	16.2
Brokerage Commissions	111.6	116.6	-4.3	58.1	53.5	8.8
Fund/Bancassurance Fees	98.1	82.7	18.6	49.0	49.1	-0.1
Trust Fee Income	83.3	50.0	66.7	45.5	37.8	20.1
Others	350.4	300.2	16.7	187.1	163.4	14.5

SFG G&A Expenses (KRW bil.)



Cost-Income Ratio (%)



Note) Cumulative Figures

SFG G&A Expenses

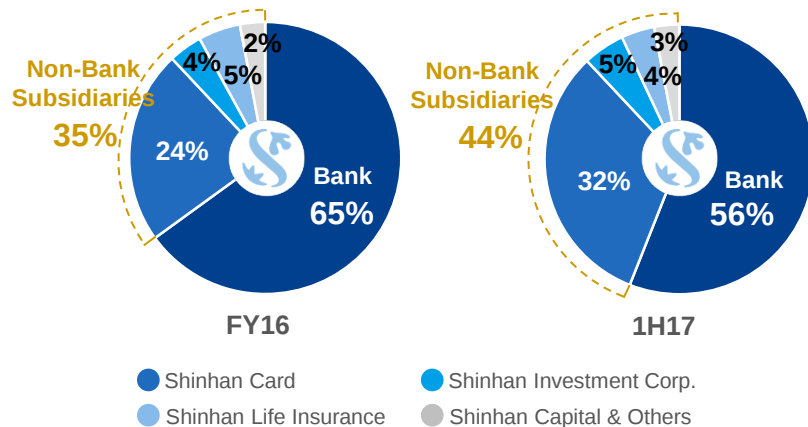
(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
G&A Expenses	2,143.2	2,161.4	-0.8	1,078.4	1,064.8	1.3
Salary & Employee Benefits	1,359.5	1,340.8	1.4	674.1	685.4	-1.7
(Early Retirement Program Expenses)	1.9	2.3	-20.8	-	1.9	n.a.
D & A	122.6	129.8	-5.5	59.1	63.5	-6.8
Other Expenses	661.1	690.8	-4.3	345.1	315.9	9.2
(Advertising Expenses)	105.6	133.9	-21.2	55.5	50.0	11.0
(Taxes and Dues)	88.1	90.5	-2.6	47.0	41.1	14.2

SHB G&A Expenses

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
G&A Expenses	1,358.4	1,353.0	0.4	686.8	671.7	2.3
Salary & Employee Benefits	833.2	827.9	0.6	408.6	424.6	-3.8
(Early Retirement Program Expenses)	0.2	0.4	-46.1	-	0.2	n.a.
D & A	81.6	81.5	0.2	38.3	43.3	-11.5
Other Expenses	443.6	443.6	0.0	239.8	203.8	17.7
(Advertising Expenses)	18.4	20.8	-11.2	11.5	7.0	64.4
(Taxes and Dues)	44.3	43.1	2.8	29.2	15.2	91.9

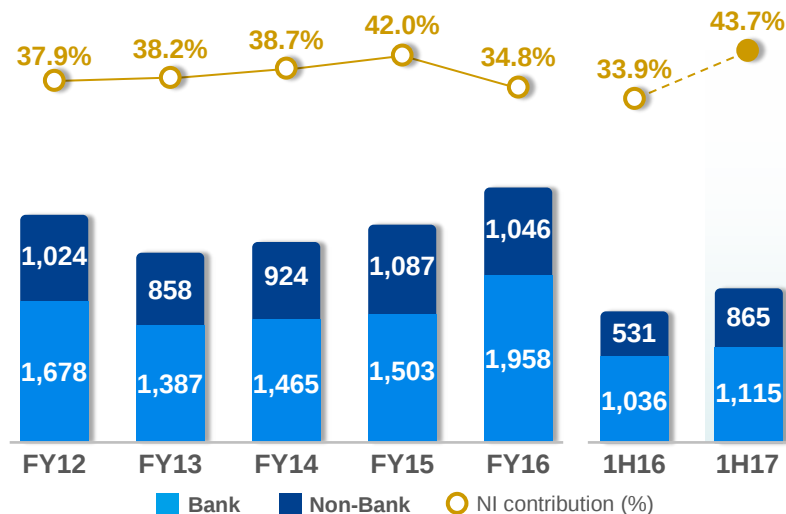
Subsidiaries Income ①

Net Income Contribution by Subsidiaries¹⁾



Note1) After reflecting ownership by SFG

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



Note 1) After reflecting ownership by SFG

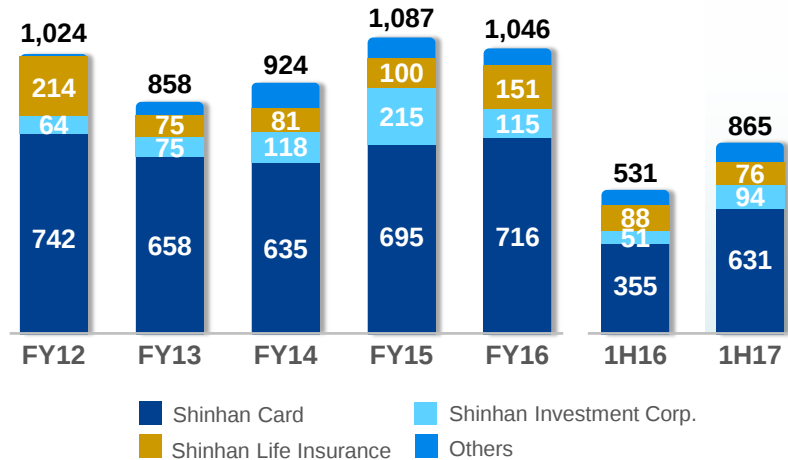
(KRW bil.)	Net Income [A]	Ownership [B]	Net Income (A x Ownership) [C=AxB]	Adjustment [D]	Net Income (Consolidated) [E=C+D]
Bank (a)	1,119.9		1,115.0	-14.6	1,100.4
Shinhan Bank	1,104.3	100.0%	1,104.3	-14.6	1,089.7
Jeju Bank	15.5	68.9%	10.7	0.0	10.7
Non-Bank (b)	868.8		865.3	1.7	867.0
Shinhan Card	631.2	100.0%	631.2	-0.5	630.6
Shinhan Investment Corp.	93.8	100.0%	93.8	0.1	93.9
Shinhan Life Insurance	75.7	100.0%	75.7	3.5	79.2
Shinhan BNPP AM	10.0	65.0%	6.5	0.0	6.5
Shinhan Capital	46.1	100.0%	46.1	0.6	46.8
Shinhan Savings Bank	8.2	100.0%	8.2	0.0	8.3
Shinhan Data System	0.4	100.0%	0.4	-2.2	-1.8
Shinhan AITAS	3.6	99.8%	3.6	0.1	3.7
Shinhan Credit Information	-0.1	100.0%	-0.1	-0.0	-0.1
Shinhan Private Equity	-0.1	100.0%	-0.1	-	-0.1
SFG (c)				-78.2²⁾	-78.2
Total (d=a+b+c)¹⁾	1,988.7		1,980.4	-91.2	1,889.1

Note 1) Net Income in Controlling Interest

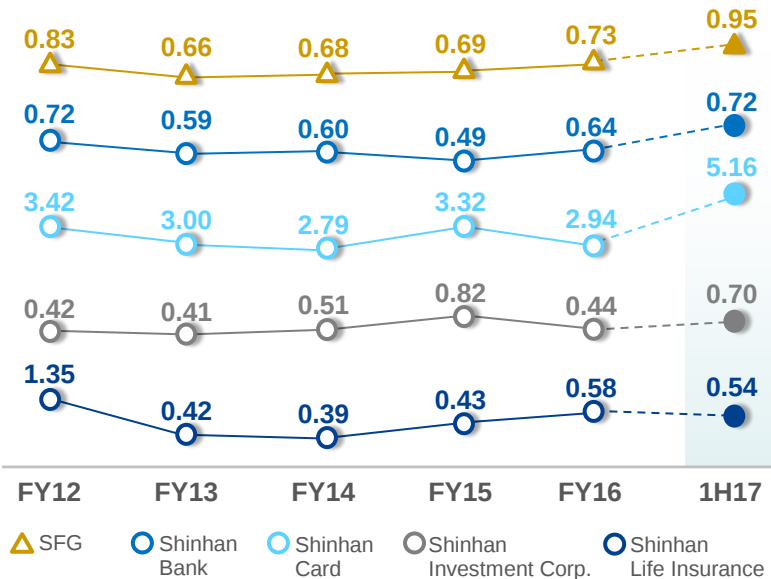
2) SFG (Separate): Brand Fee Income KRW 23.4bil., Interest Expense KRW -75.8bil., G&A etc. KRW -33.2bil.

Subsidiaries Income ②

Non-Bank Net Income (KRW bil.)



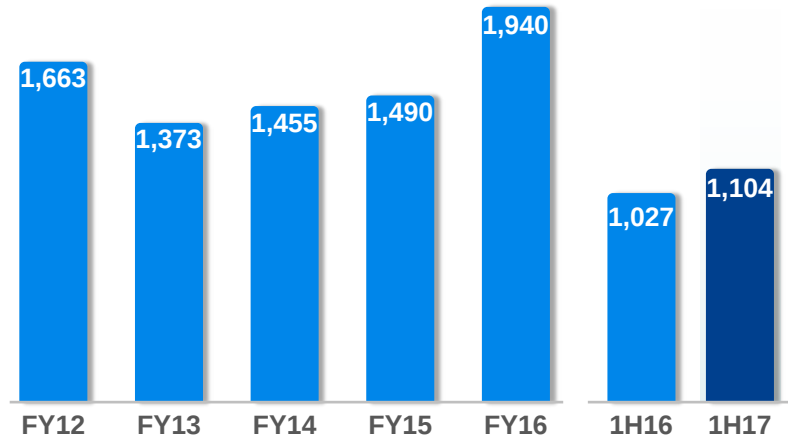
ROA (%)



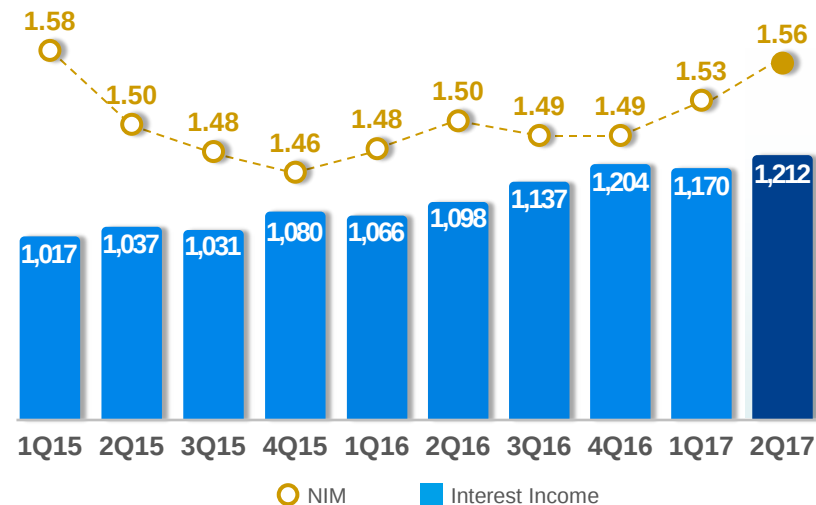
(Reflecting SFG Ownership, KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Bank (a)	1,115.0	1,035.9	7.6	574.7	540.3	6.4
Shinhan Bank	1,104.3	1,026.7	7.6	569.8	534.6	6.6
Jeju Bank	10.7	9.3	15.7	5.0	5.7	-13.7
Non-Bank (b)	865.3	531.3	62.9	362.1	503.2	-28.0
Shinhan Card	631.2	355.2	77.7	229.4	401.8	-42.9
Shinhan Investment Corp.	93.8	50.6	85.5	47.8	46.0	4.1
Shinhan Life Insurance	75.7	87.6	-13.6	44.9	30.8	46.0
Shinhan BNPP AM	6.5	4.4	46.4	3.9	2.6	49.5
Shinhan Capital	46.1	20.3	127.3	27.6	18.6	48.3
Shinhan Savings Bank	8.2	7.2	14.4	6.2	2.0	212.9
Shinhan Data System	0.4	1.3	-67.3	0.3	0.1	164.3
Shinhan AITAS	3.6	3.8	-7.0	1.8	1.7	6.1
Shinhan Credit Information	-0.1	0.0	n.a.	0.2	-0.3	n.a.
Shinhan Private Equity	-0.1	0.9	n.a.	0.0	-0.1	n.a.
Total (a+b)	1,980.4	1,567.2	26.4	936.9	1,043.5	-10.2
Consolidate Net Income ¹⁾	1,889.1	1,454.8	29.9	892.0	997.1	-10.5

Note 1) Net Income in Controlling Interest

Net Income (KRW bil.)



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



(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Operating Income (a=b+c)	2,857.7	2,776.5	2.9	1,464.2	1,393.5	5.1
Interest Income (b)	2,381.4	2,163.6	10.1	1,211.7	1,169.7	3.6
Non-Interest Income (c)	476.3	612.9	-22.3	252.5	223.7	12.9
G&A Expenses (d)	1,358.4	1,353.0	0.4	686.8	671.7	2.3
Pre-Provision Oper.Income (e=a-d)	1,499.3	1,423.5	5.3	777.4	721.8	7.7
Non-Operating Income (f)	31.0	41.1	-24.6	20.9	10.1	107.0
Pre-Provision Income (g=e+f)	1,530.3	1,464.6	4.5	798.4	731.9	9.1
Provision for Credit Losses (h)	108.1	453.7	-76.2	48.6	59.5	-18.4
Earnings before Income Tax (i=g-h)	1,422.2	1,010.9	40.7	749.8	672.4	11.5
Income Tax	317.8	-15.7	n.a.	180.0	137.8	30.6
Net Income ¹⁾	1,104.3	1,026.7	7.6	569.8	534.6	6.6

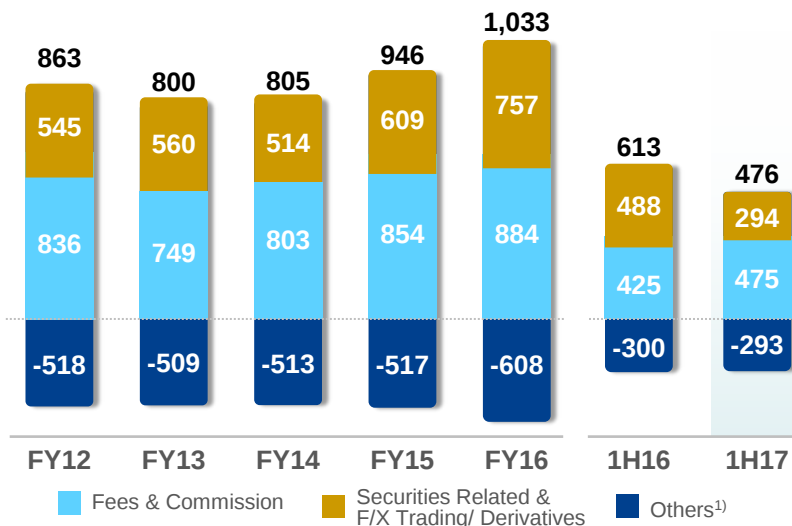
Note 1) Net Income in Controlling Interest

(%)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
NIS (a-b) (quarterly)	1.70	1.64	1.64	1.62	1.65	1.69	1.68	1.69	1.75	1.81
Loan interest rate (a)	3.62	3.37	3.20	3.10	3.10	3.08	2.99	2.97	3.00	3.03
Deposit interest rate (b)	1.92	1.73	1.55	1.48	1.45	1.40	1.31	1.28	1.26	1.22
NIM(quarterly)	1.58	1.50	1.48	1.46	1.48	1.50	1.49	1.49	1.53	1.56
NIM(cumulative figures)	1.58	1.54	1.52	1.50	1.48	1.49	1.49	1.49	1.53	1.55

SHB Non-Interest Income

Non-Interest Income

(KRW bil.)

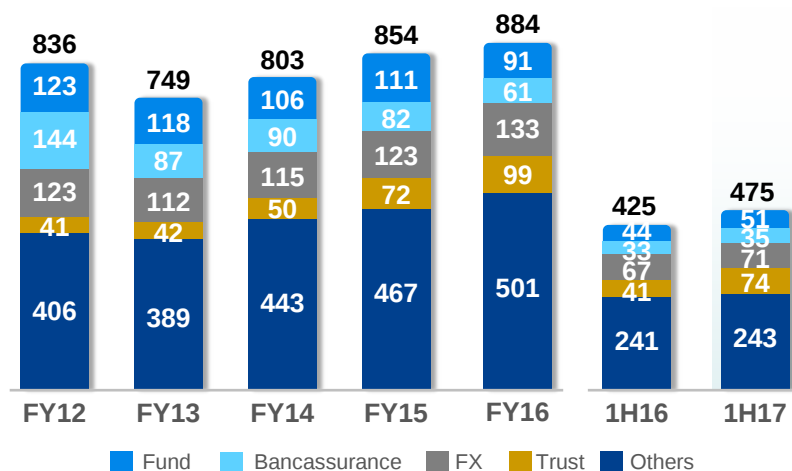


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Non-Interest Income	476.3	612.9	-22.3	252.5	223.7	12.9
Fees & Commission	474.6	424.7	11.7	244.0	230.6	5.8
Securities Related & FX Trading/Derivatives	294.4	487.7	-39.6	144.9	149.6	-3.1
(Gains on Sale of AFS Securities)	99.3	290.7	-65.8	58.4	40.8	43.1
(Impairment Loss on AFS Securities)	-21.8	-62.4	n.a.	-14.0	-7.7	n.a.
Others	-292.8	-299.5	n.a.	-136.4	-156.4	n.a.
(Contribution Expenses)	-119.9	-122.4	n.a.	-60.6	-59.3	n.a.
(Insurance Fees on Deposits)	-145.0	-134.5	n.a.	-72.5	-72.5	n.a.

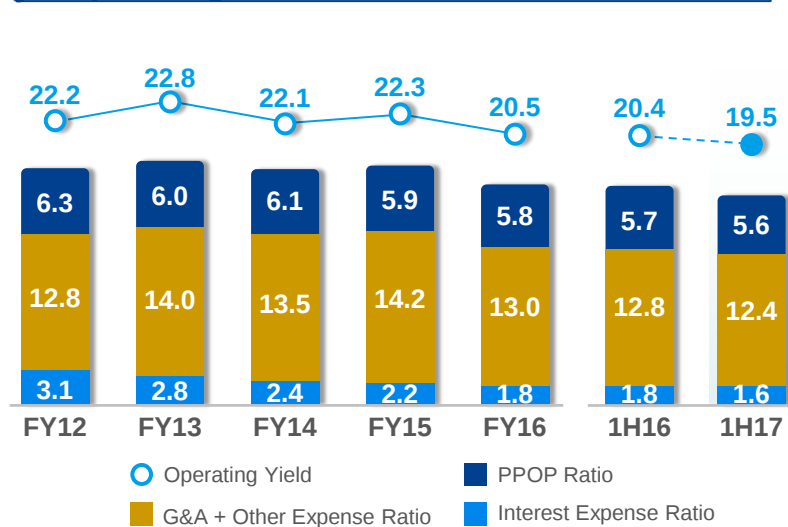
Fees & Commission

(KRW bil.)



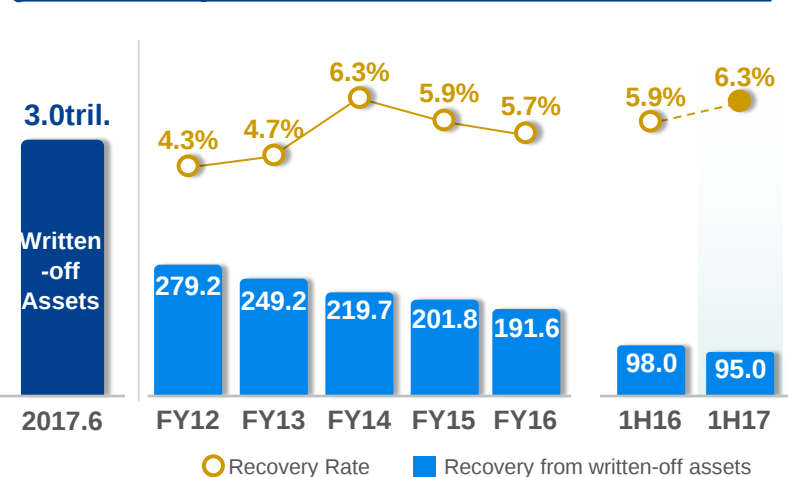
(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Fees & Commission	474.6	424.7	11.7	244.0	230.6	5.8
Fund Fee Income	51.3	43.6	17.8	26.4	24.9	5.8
Bancassurance Fee Income	35.2	32.7	7.9	15.8	19.4	-18.3
FX Fee Income	70.7	66.9	5.6	36.2	34.5	4.8
Trust Fee Income	74.1	41.0	80.9	41.0	33.1	23.7
Others	243.3	240.6	1.1	124.7	118.6	5.1

Operating Yield and PPOP Ratio (%)



Note) Net of Derivatives & F/X

Recovery from Written-off Assets (KRW bil.)



(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Operating Revenue (a)	2,425.9	2,270.4	6.8	1,159.4	1,266.5	-8.5
Card Business	1,934.5	1,920.7	0.7	974.5	960.0	1.5
Installment Finance	50.1	49.4	1.5	25.4	24.7	2.9
Lease	29.4	23.9	23.3	15.7	13.8	13.8
Others	411.9	276.5	49.0	143.8	268.1	-46.4
(Derivatives & FX)	142.1	54.4	161.2	-39.3	181.5	n.a.
Interest Expense (b)	184.1	200.4	-8.1	94.9	89.2	6.4
G&A Expenses (c)	344.4	374.2	-7.9	169.2	175.3	-3.5
Commissions & Other Expenses (d)	1,246.2	1,075.6	15.9	506.2	740.0	-31.6
(Derivatives & FX)	125.8	40.8	208.2	-47.6	173.4	n.a.
Pre-Provision Income (e=a-b-c-d)	651.1	620.3	5.0	389.1	262.1	48.4
Provision for Credit Losses (f)	-171.9	163.7	n.a.	92.6	-264.5	n.a.
Earnings before Income Tax (g=e-f)	823.0	456.6	80.3	296.5	526.6	-43.7
Income Tax	193.3	101.4	90.6	68.2	125.2	-45.6
Net Income ¹⁾	631.2	355.2	77.7	229.4	401.8	-42.9

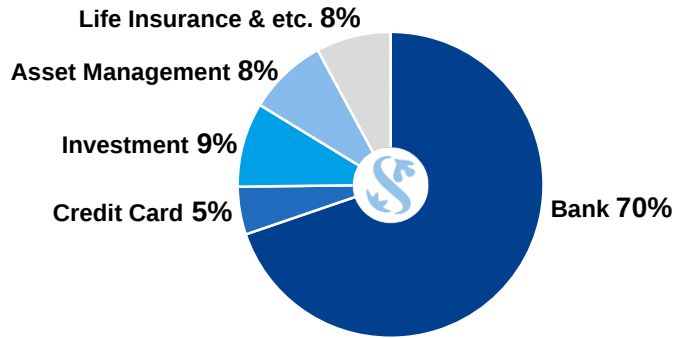
Note 1) Net Income in Controlling Interest

III. Assets & Liabilities

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

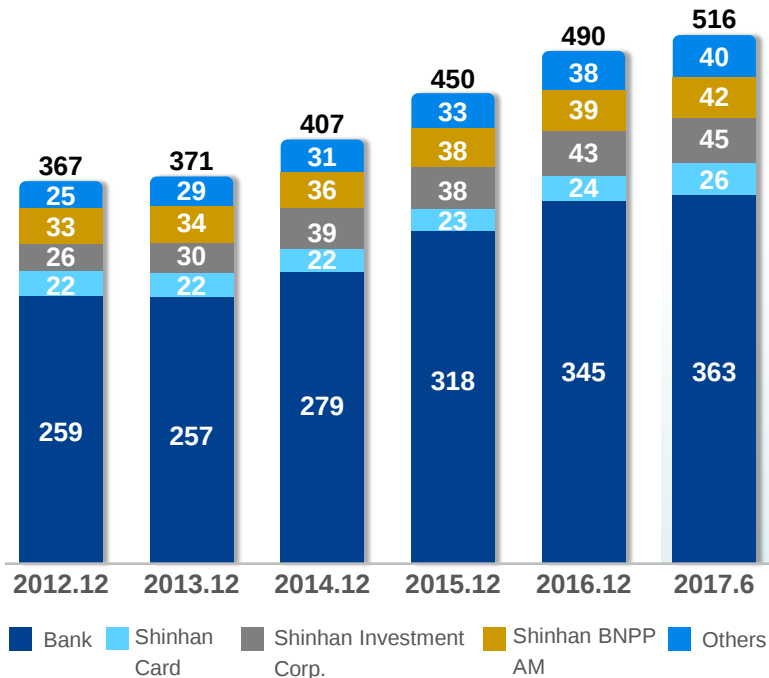


Asset Contribution by Subsidiary



SFG Total Assets

(KRW tril.)

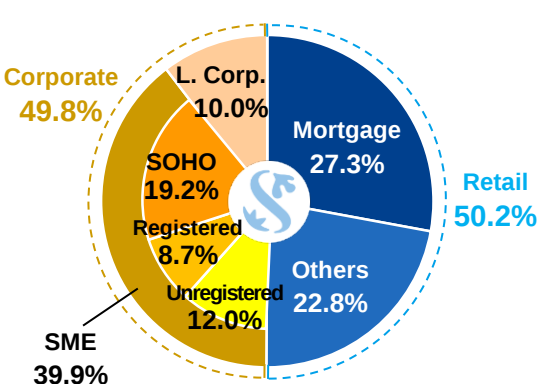


(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Bank (a)	363,282.6	345,421.3	5.2	353,894.7	2.7
Shinhan Bank	357,871.2	340,236.4	5.2	348,400.3	2.7
Jeju Bank	5,411.4	5,184.8	4.4	5,494.4	-1.5
Non-Bank (b)	150,532.3	142,646.8	5.5	145,633.2	3.4
Shinhan Card	25,549.2	24,419.9	4.6	25,126.3	1.7
Shinhan Investment Corp.	45,158.6	43,329.1	4.2	43,677.7	3.4
Shinhan Life Insurance	28,735.5	27,499.8	4.5	28,017.6	2.6
Shinhan BNPP AM	41,947.6	39,439.5	6.4	40,867.0	2.6
Shinhan Capital	4,950.7	4,506.8	9.9	4,702.0	5.3
Shinhan Savings Bank	1,112.3	970.1	14.7	1,042.7	6.7
Shinhan Data System	34.3	34.4	-0.3	32.0	7.2
Shinhan AITAS	58.2	53.9	7.9	52.8	10.2
Shinhan Credit Information	22.4	23.1	-2.8	21.5	4.2
Shinhan Private Equity	104.3	114.9	-9.2	114.8	-9.2
Others	2,859.2	2,255.3	26.8	1,978.7	44.5
Total ¹⁾	515,939.9	490,115.1	5.3	502,581.4	2.7
Consolidate Total Assets	413,910.9	395,680.3	4.6	404,996.0	2.2

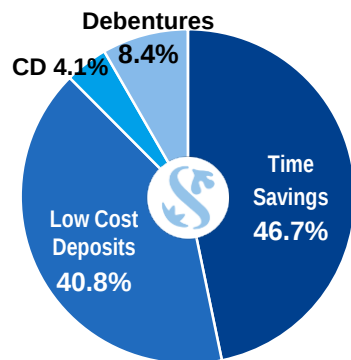
Note 1) Trust A/C of Shinhan Bank, Shinhan Investment Corp. and AUM(Including discretionary assets) of Shinhan BNPP AM are included.

SHB Loan / Deposit Growth

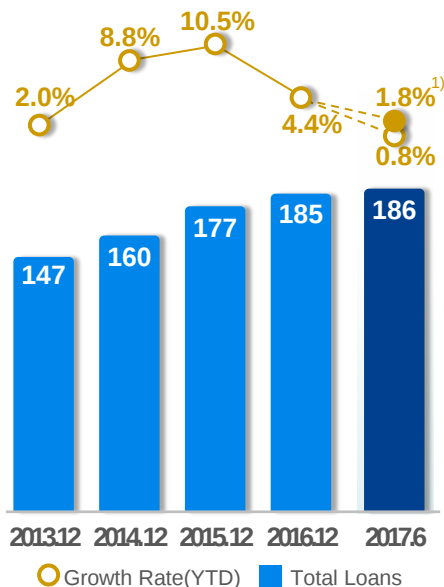
Loan Composition



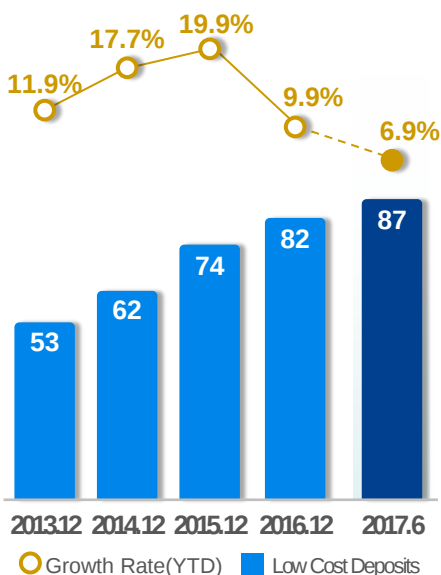
Funding Composition



KRW Loan Growth (KRW tril.)



Low Cost Deposits (KRW tril.)



Note 1) Including Loans Securitized

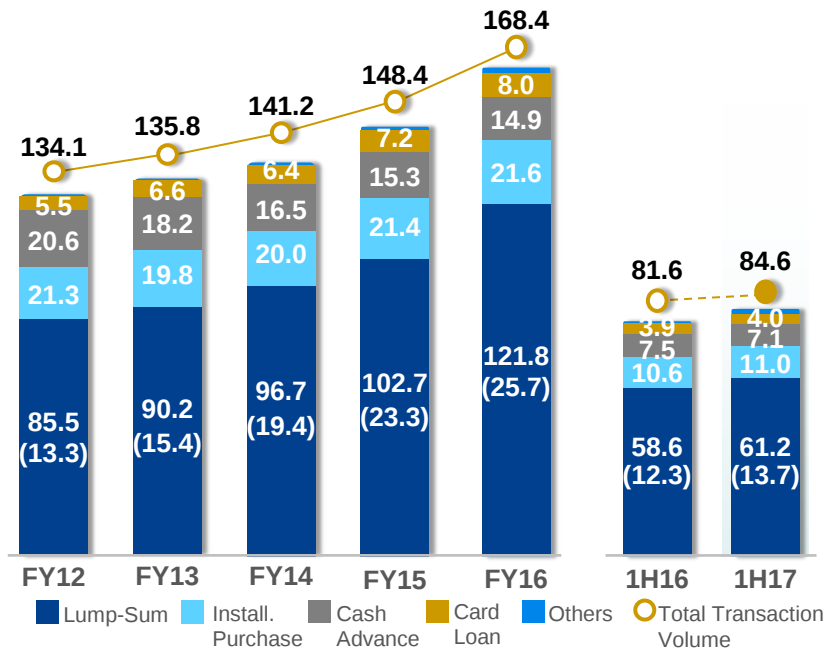
(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Loan in KRW	185,950	184,559	0.8	183,637	1.3
Retail	93,266	93,628	-0.4	92,002	1.4
Mortgage	50,778	52,392	-3.1	51,155	-0.7
Others ¹⁾	42,489	41,236	3.0	40,847	4.0
Corporate	92,684	90,931	1.9	91,635	1.2
SME	74,166	71,757	3.4	72,575	2.2
SOHO	35,778	35,539	0.7	35,369	1.2
Large Corporate etc.	18,518	19,173	-3.4	19,060	-2.8
Loan in FX	8,832	7,919	11.5	7,884	12.0

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

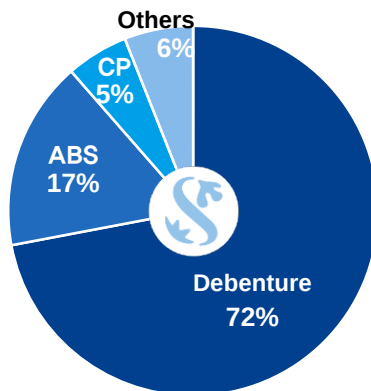
(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Total Deposits in KRW	187,275	187,932	-0.3	186,876	0.2
Low Cost Deposits	87,285	81,681	6.9	83,998	4.0
Demand	27,650	25,149	9.9	27,237	1.6
Savings	59,635	56,532	5.5	56,761	5.1
Time Savings	99,989	106,251	-5.9	102,877	-2.7
Time Deposits	91,664	97,793	-6.3	94,664	-3.1
Accumulative etc.	8,325	8,458	-1.6	8,213	1.3
Certificate of Deposits	8,859	5,828	52.0	6,120	47.0
Debtentures in KRW	17,813	16,605	7.3	16,664	6.9

Shinhan Card Asset Growth

Transaction Volume (KRW tril.)



Funding Composition



(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Earning Assets	23,366	22,859	2.2	23,262	0.4
Credit Purchase	11,900	11,795	0.9	12,129	-1.9
Cash Advances	1,888	1,953	-3.3	1,880	0.4
Card Loan	5,785	5,618	3.0	5,630	2.8
(Re-aged Loan)	250	241	3.4	251	-0.6
Installment Finance	2,224	2,165	2.7	2,177	2.1
Lease etc.	1,569	1,328	18.2	1,447	8.5
Effective Cardholders (in thousands)	12,203	12,097	0.9	12,133	0.6
Merchants (in thousands)	2,674	2,626	1.8	2,640	1.3

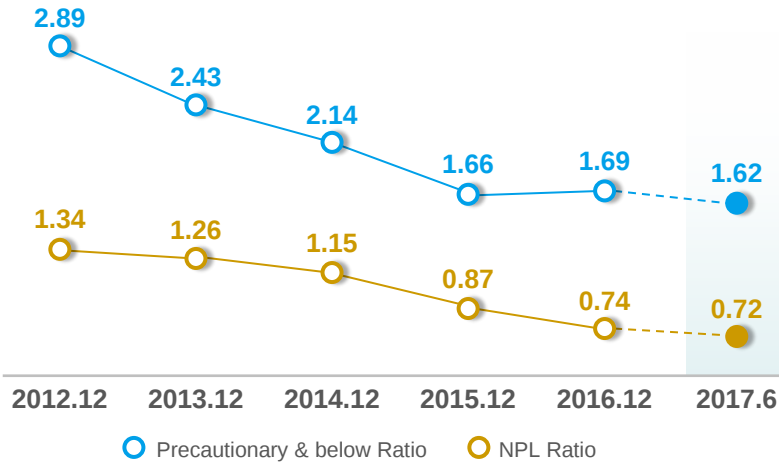
(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Total Funding	15,887	14,310	11.0	14,461	9.9
Debentures	11,441	10,842	5.5	10,780	6.1
ABS	2,630	1,934	36.0	2,234	17.7
CP	860	935	-8.0	845	1.8
Others	956	599	59.5	602	58.8

IV. Asset Quality

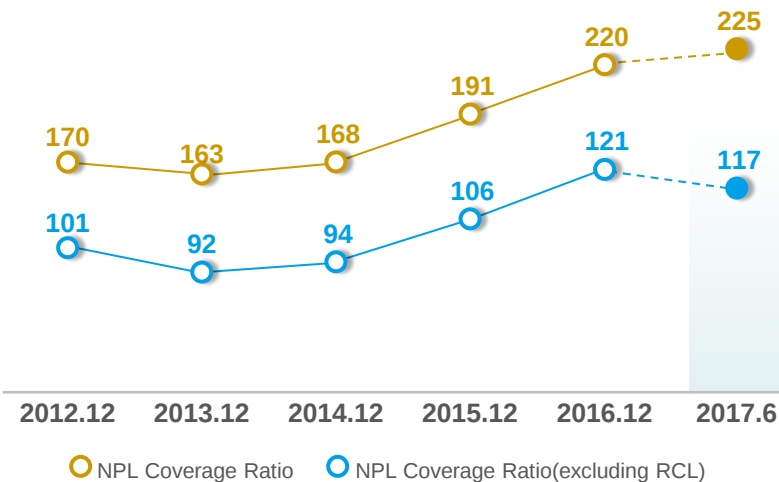
1. SFG Asset Quality
2. SHB Asset Quality
3. Shinhan Card Asset Quality
4. Provision for Credit Losses / Write-offs



Precautionary & below Ratio/NPL Ratio (%)



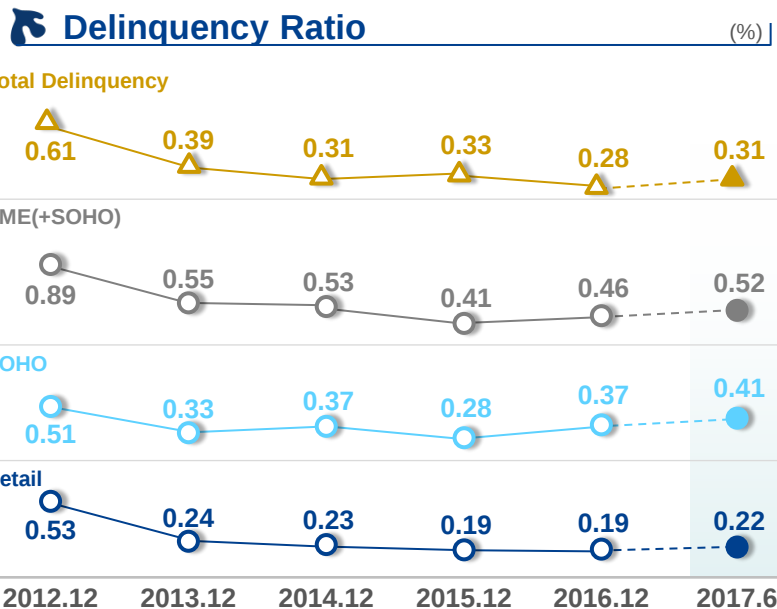
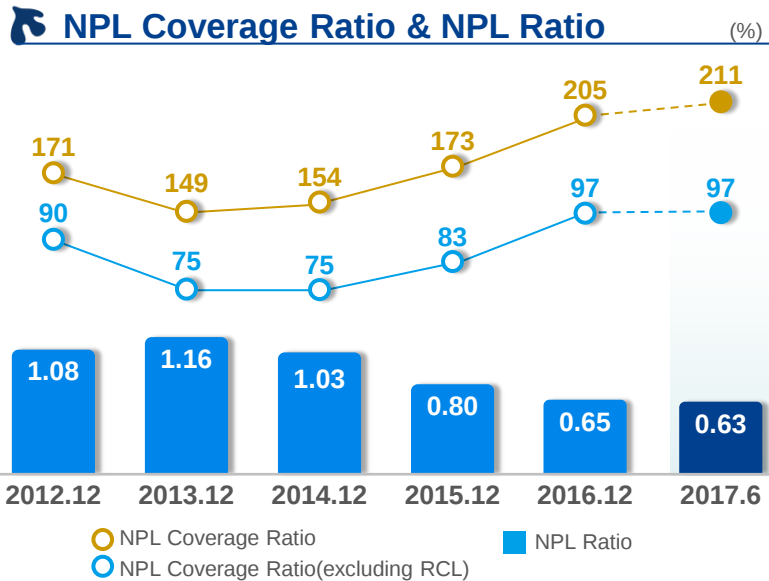
NPL Coverage Ratio (%)



(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Total Loans ¹⁾	251,184	249,237	0.8	247,045	1.7
Normal	247,103	245,026	0.8	242,804	1.8
Precautionary	2,272	2,363	-3.9	2,360	-3.7
Substandard	769	798	-3.6	798	-3.5
Doubtful	406	423	-4.2	430	-5.7
Estimated Loss	634	626	1.1	653	-3.0
Substandard & Below	1,809	1,848	-2.1	1,881	-3.8
NPL Ratio	0.72%	0.74%	-0.02%p	0.76%	-0.04%p
Loan Loss Allowance ²⁾	4,074	4,066	0.2	4,069	0.1
Reserve for credit losses	1,961	1,830	7.1	1,915	2.4
NPL Coverage Ratio	225%	220%	5%p	216%	9%p
Excluding Reserve for credit losses	117%	121%	-4%p	115%	2%p

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

2) Sum of IFRS standard LLA and reserves for credit losses (Excluding reserve for contingent acceptances & guarantees and unused credit lines)



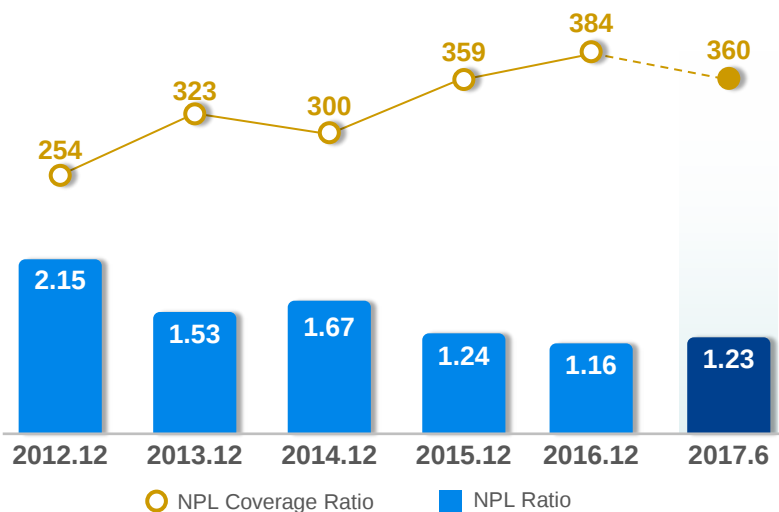
Note) 1 month overdue

(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Total Loans	208,920	209,419	-0.2	205,820	1.5
Normal	206,514	206,894	-0.2	203,264	1.6
Precautionary	1,096	1,155	-5.1	1,165	-6.0
Substandard	669	688	-2.8	707	-5.4
Doubtful	224	263	-14.7	241	-7.0
Estimated Loss	417	420	-0.6	442	-5.6
Substandard & Below	1,310	1,371	-4.4	1,390	-5.8
NPL Ratio	0.63%	0.65%	-0.03%p	0.68%	-0.05%p
Loan Loss Allowance ¹⁾	2,759	2,804	-1.6	2,786	-1.0
Reserve for credit losses	1,490	1,480	0.7	1,471	1.3
NPL Coverage Ratio	211%	205%	6%p	200%	11%p
Excluding Reserve for credit losses	97%	97%	0%p	95%	2%p

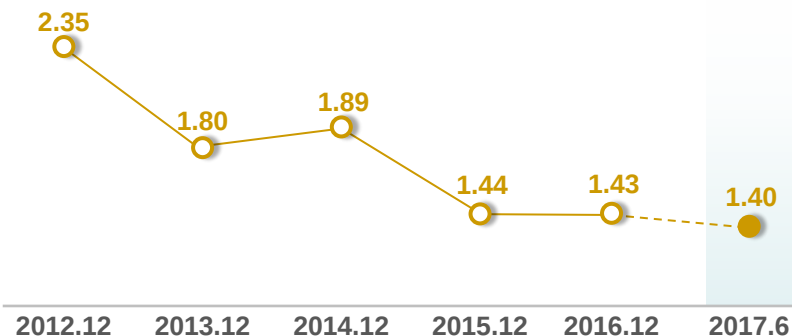
Note 1) Sum of IFRS standard LLA and reserves for credit losses (Excluding reserve for contingent acceptances & guarantees and unused credit lines)

Shinhan Card Asset Quality

NPL Ratio & NPL Coverage Ratio (%)



Delinquency Ratio (%)



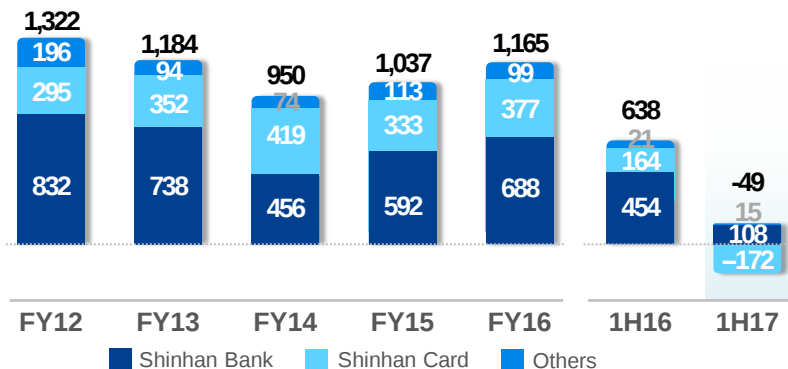
Note) 1 month overdue from total credit

(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Total Loans	23,970	22,765	5.3	23,881	0.4
Normal	22,846	21,686	5.4	22,767	0.3
Precautionary	829	815	1.8	834	-0.5
Substandard	-	-	-	-	-
Doubtful	125	90	39.1	104	20.3
Estimated Loss	170	175	-2.6	176	-3.2
Substandard & Below	295	265	11.6	280	5.5
NPL Ratio	1.23%	1.16%	0.07%p	1.17%	0.06%p
Loan Loss Allowance ¹⁾	1,063	1,015	4.7	1,019	4.3
Reserve for credit losses	385	275	40.0	351	9.8
NPL Coverage Ratio	360%	384%	-24%p	364%	-4%p

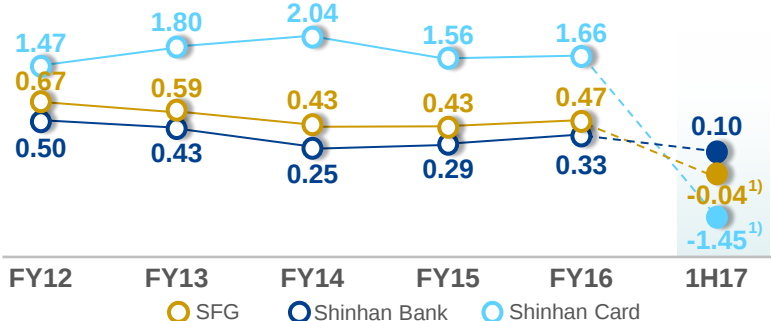
Note 1) Sum of IFRS standard LLA and reserves for credit losses (Excluding reserve for unused credit lines)

Provision for Credit Losses / Write-Offs

Provision for Credit Losses (KRW bil.)

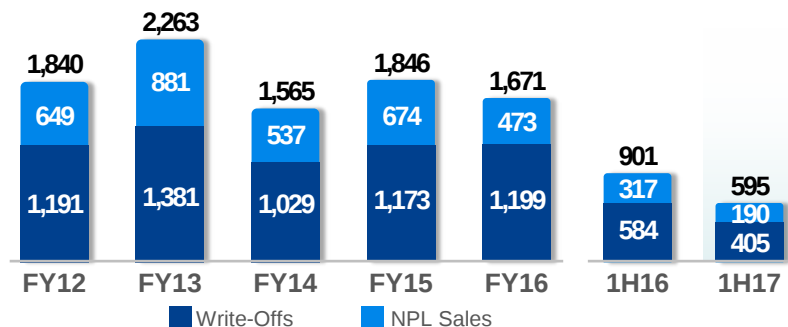


Credit Cost Ratio (%)



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

Write-Offs & NPL Sales (KRW bil.)



Provision for Credit Losses

(KRW bil.)	FY17	1Q17	2Q17	FY16	1Q16	2Q16	3Q16	4Q16
Shinhan Bank ¹⁾	132	59	74	677	206	230	95	145
Retail	74	30	44	157	31	23	40	63
Corporate	58	28	30	520	175	207	55	82
Shinhan Card	-172	-264	93	377	79	85	89	125
Total	-40	-206	166	1,054	285	315	184	270

Note 1) SHB figures are separate basis

Write-Offs & NPL Sales

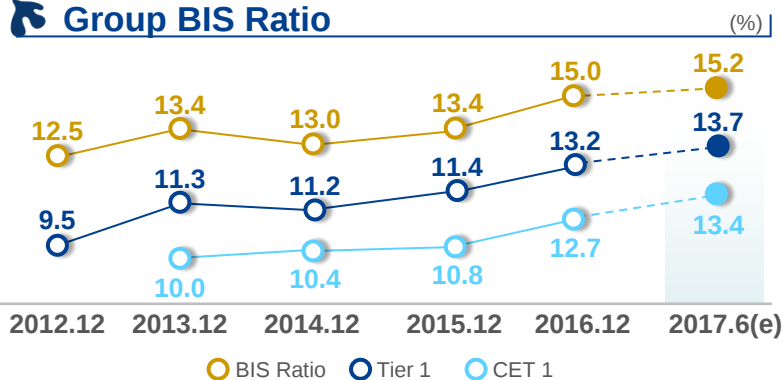
(KRW bil.)	FY17	1Q17	2Q17	FY16	1Q16	2Q16	3Q16	4Q16
Shinhan Bank	342	102	240	1,089	182	369	195	343
Write-Off	152	41	111	759	131	246	123	260
Retail	67	15	51	123	3	29	24	67
Corporate	85	26	60	636	128	217	99	193
Sale	190	62	129	330	51	123	72	84
Retail	28	8	20	73	12	27	10	25
Corporate	162	53	109	257	39	96	62	59
Shinhan Card	253	124	128	582	107	243	112	120
Total	595	227	368	1,671	289	612	307	464

V . Capital Adequacy & Key Financial Indices

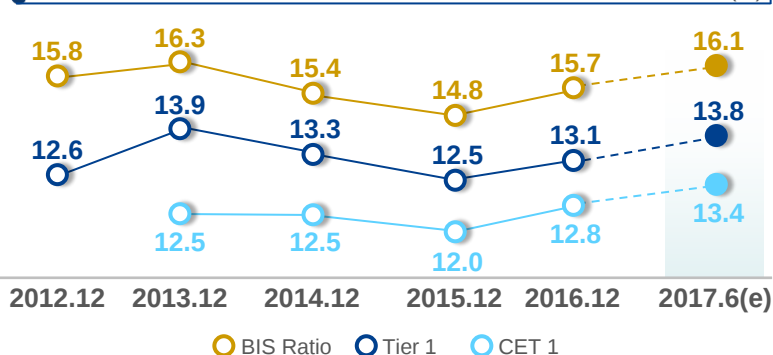
- 1. Capital Adequacy**
- 2. Key Financial Indices**



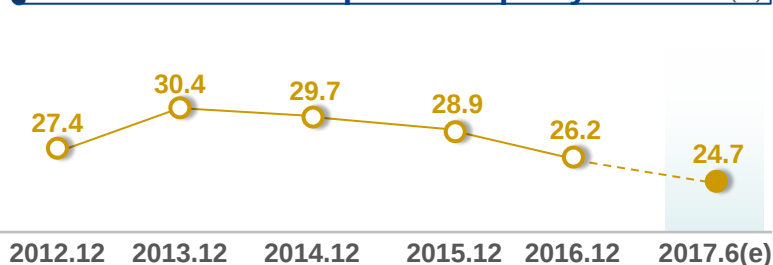
Group BIS Ratio



Shinhan Bank BIS Ratio



Shinhan Card Capital Adequacy Ratio



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

Group BIS Ratio

(KRW bil.)	2017.6(e)	2016.12	YTD%	2017.3	QoQ%
Risk-Weighted Assets	199,720	198,643	0.5	196,354	1.7
Capital	30,258	29,787	1.6	29,526	2.5
CET 1	26,744	25,325	5.6	25,860	3.4
Tier 1	27,399	26,210	4.5	26,660	2.8
BIS Ratio	15.2%	15.0%	0.2%p	15.0%	0.2%p
CET 1	13.4%	12.7%	0.7%p	13.2%	0.2%p
Tier 1	13.7%	13.2%	0.5%p	13.6%	0.1%p

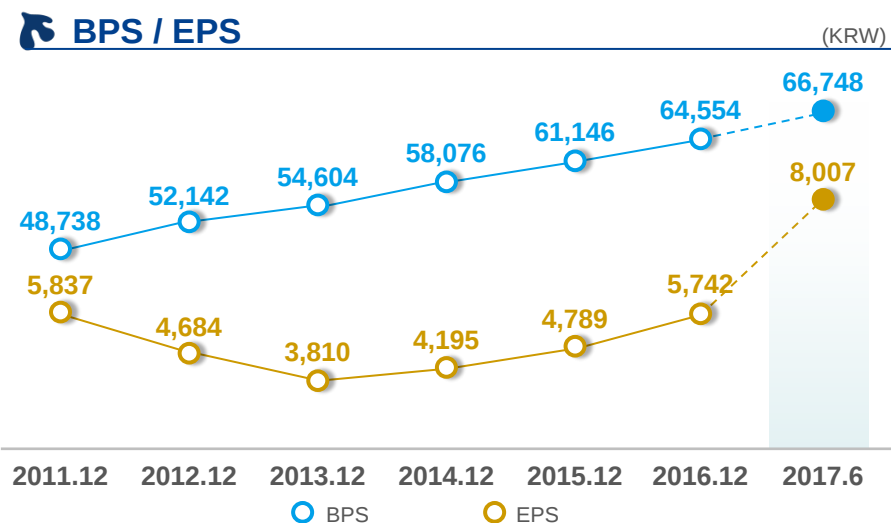
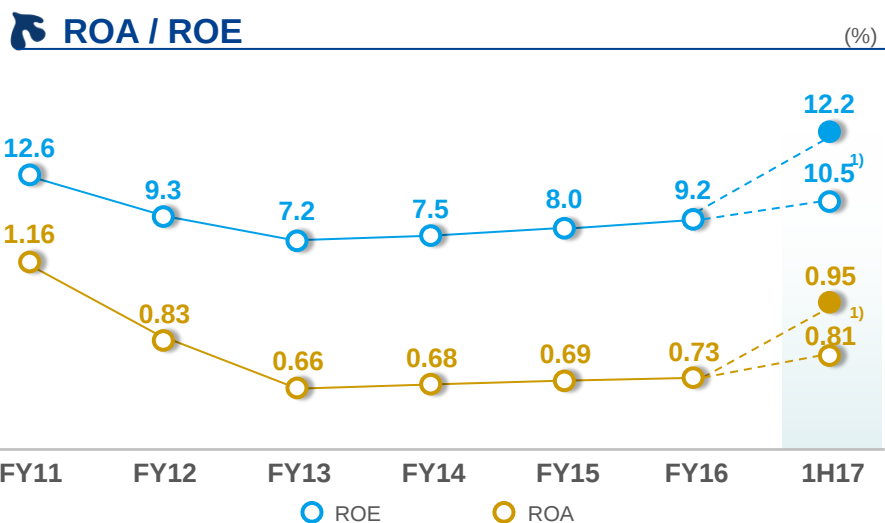
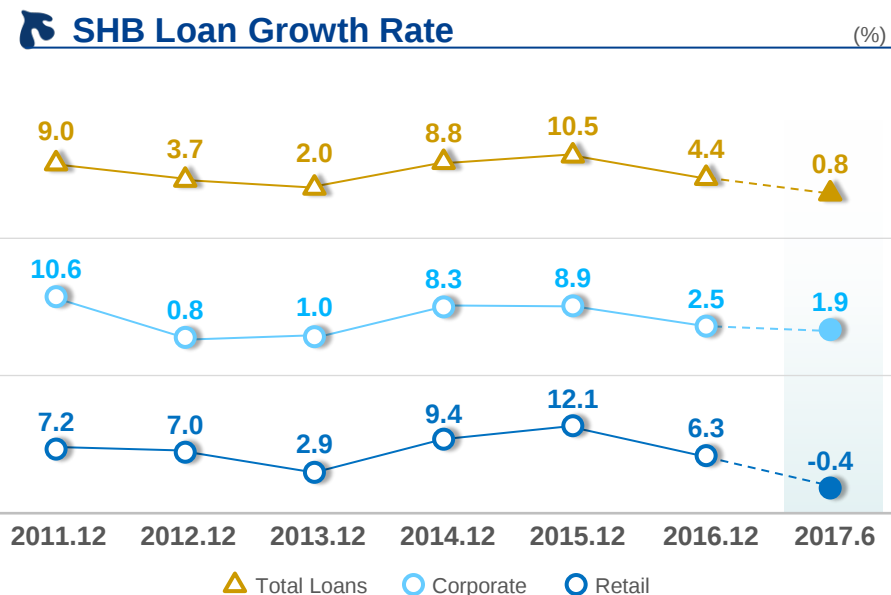
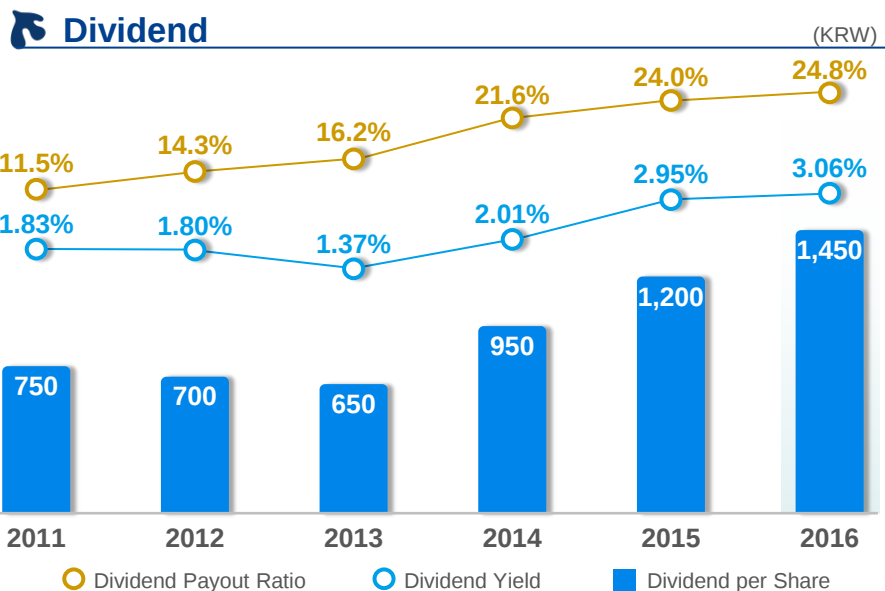
Note) Based on Basel3

Shinhan Bank BIS Ratio

(KRW bil.)	2017.6(e)	2016.12	YTD%	2017.3	QoQ%
Risk-Weighted Assets	156,446	155,027	0.9	154,635	1.2
Capital	25,230	24,339	3.7	24,385	3.5
CET 1	20,945	19,913	5.2	20,291	3.2
Tier 1	21,615	20,385	6.0	20,762	4.1
BIS Ratio	16.1%	15.7%	0.4%p	15.8%	0.3%p
CET 1	13.4%	12.8%	0.6%p	13.1%	0.3%p
Tier 1	13.8%	13.1%	0.7%p	13.4%	0.4%p

Note) Based on Basel3

Key Financial Indices



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

Note) Based on common stock

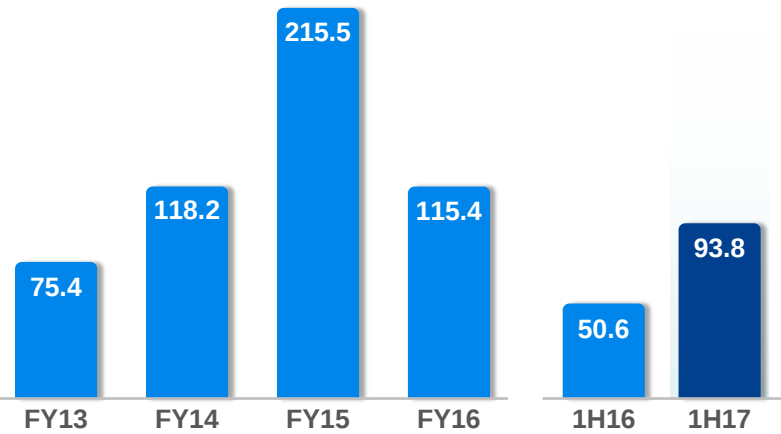
VI. Appendix

1. SFG Subsidiaries
2. SHB SME Loans
3. SHB Retail Loans



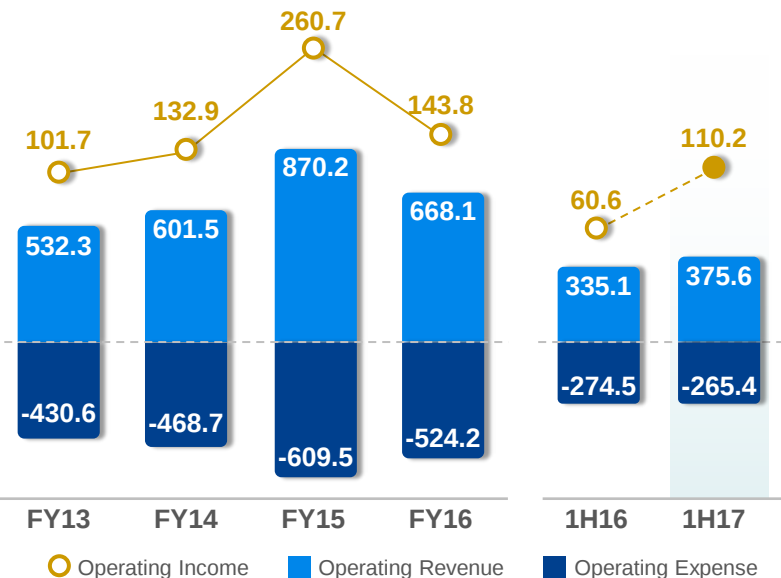
Net Income

(KRW bil.)



Operating Income

(KRW bil.)



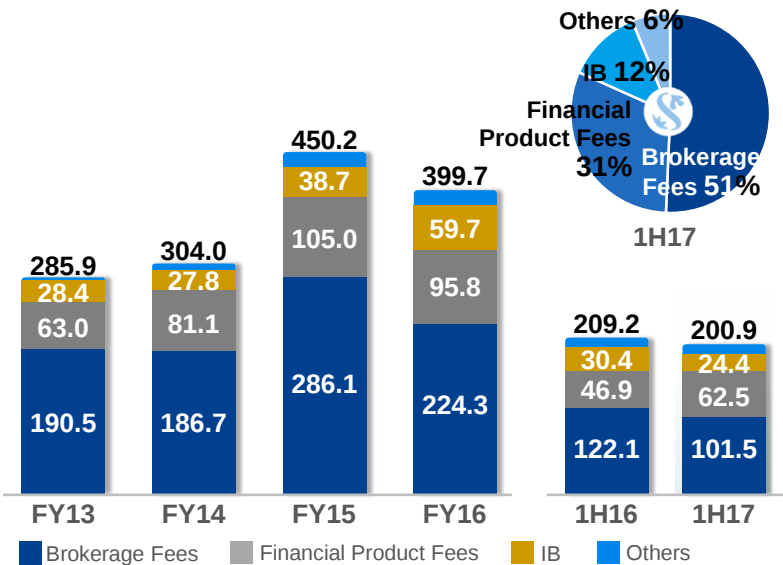
Condensed I/S & Key Financial Indices

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Operating Revenue	375.6	335.1	12.1	193.1	182.4	5.9
Fees & Commission	200.9	209.2	-4.0	105.7	95.2	11.1
Proprietary Trading	106.1	62.6	69.6	51.4	54.7	-6.0
Others	68.5	63.3	8.2	36.0	32.5	10.8
Operating Expense	265.4	274.5	-3.3	138.7	126.7	9.5
G&A Expenses	221.9	216.2	2.6	115.6	106.3	8.7
Commission Expense	41.1	57.2	-28.0	21.3	19.9	6.9
Provision for Credit Losses	2.4	1.2	101.8	1.9	0.5	290.7
Operating Income	110.2	60.6	81.8	54.4	55.8	-2.4
Net Income	93.8	50.6	85.5	47.8	46.0	4.1
Net Capital Ratio(%)	857%	832%	25%p	857%	849%	8%p
ROE	6.0%	4.0%	2.0%p	6.0%	6.0%	0.0%p
ROA	0.7%	0.4%	0.3%p	0.7%	0.7%	-0.0%p

Note) ROE, ROA are calculated on a cumulative basis

Fees & Commission

(KRW bil.)

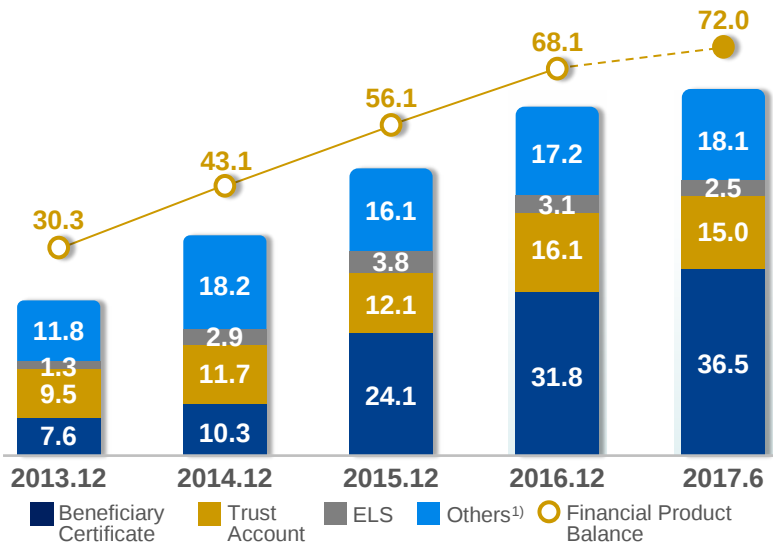


Fees & Commission

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Fees & Commission	200.9	209.2	-4.0	105.7	95.2	11.1
Brokerage Fees	101.5	122.1	-16.9	55.6	46.0	20.8
Financial Product Fees	62.5	46.9	33.4	30.7	31.8	-3.4
IB	24.4	30.4	-19.9	12.1	12.3	-1.6
Others	12.5	9.8	27.9	7.4	5.1	43.4

Financial Products

(KRW tril.)

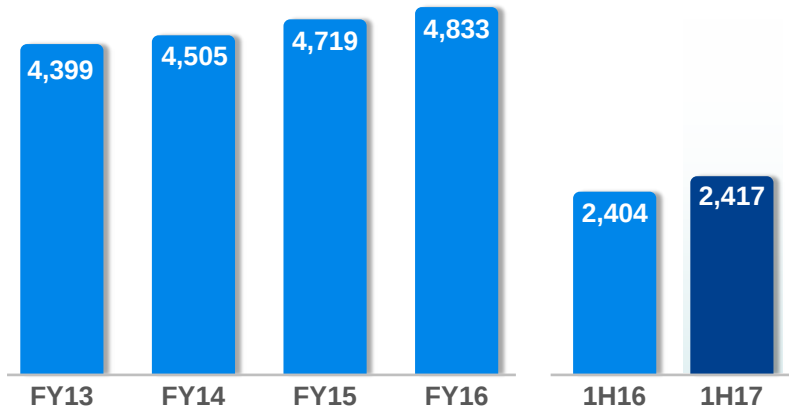


Balance of Financial Products

(KRW tril.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Financial Products	72.0	68.1	5.7	70.5	2.2
Beneficiary Certificate	36.5	31.8	14.8	34.9	4.6
Trust Account	15.0	16.1	-7.1	15.2	-1.5
ELS	2.5	3.1	-18.9	2.7	-8.9
Others	18.1	17.2	5.3	17.7	2.5

Note 1) Sum of Wrap, RP and Micro Debentures

Premium Income (KRW bil.)



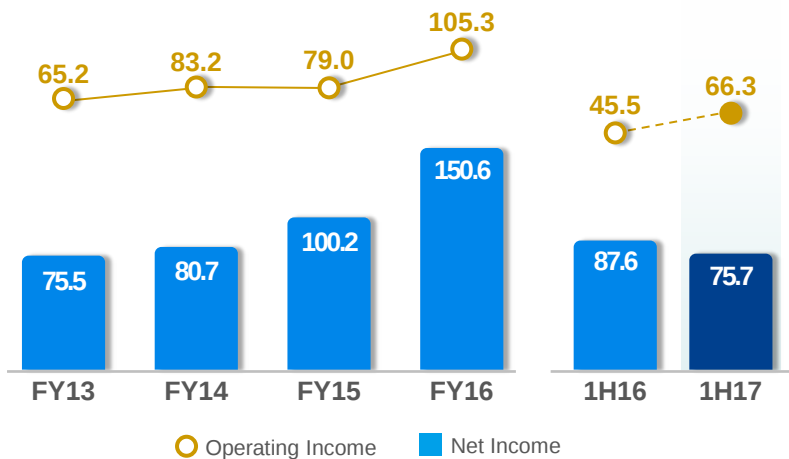
Note) Excluding non-monthly premium and Retirement Pension

Premium Breakdown

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Prem. Received	2,433.3	2,426.1	0.3	1,204.7	1,228.5	-1.9
New Premium	42.5	53.4	-20.5	14.8	27.6	-46.3
Monthly Premium	26.1	31.0	-15.7	11.6	14.5	-20.5
Non-Monthly Premium	16.3	22.4	-27.0	3.3	13.1	-75.0
Recurring Premium	2,390.8	2,372.7	0.8	1,189.9	1,200.9	-0.9

Note) Excluding Retirement Pension

Net Income (KRW bil.)



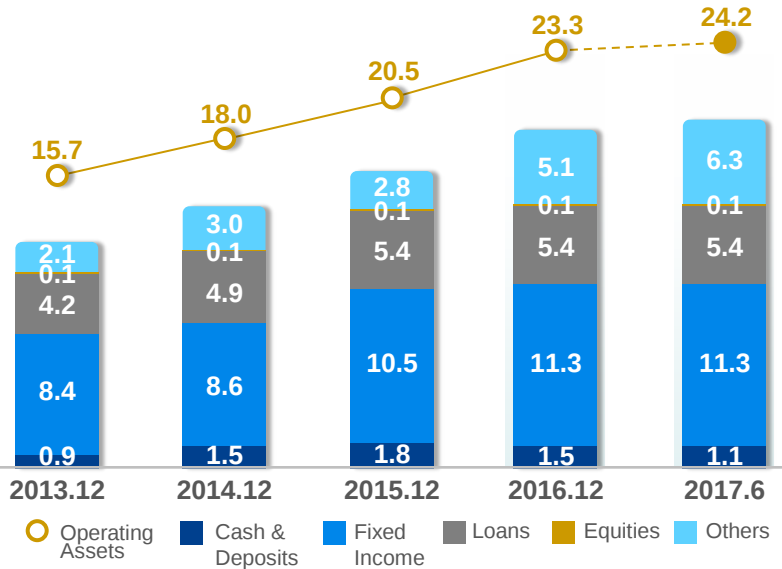
Profitability & Key Financial Indices

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Operating Income	66.3	45.5	45.8	38.7	27.6	40.0
Separate Account profit & Loss	36.6	24.7	48.2	19.4	17.2	13.2
Net Income	75.7	87.6	-13.6	44.9	30.8	46.0
ROE	8.8%	10.5%	-1.7%p	8.8%	7.2%	1.6%p
ROA	0.5%	0.7%	-0.2%p	0.5%	0.4%	0.1%p

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

Operating Assets

(KRW tril.)

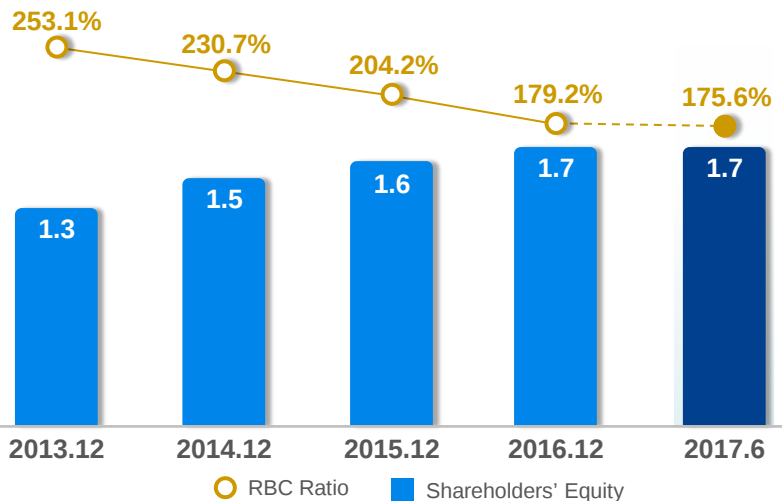


Operating Assets

(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Operating Assets	24,224.9	23,316.3	3.9	23,430.6	3.4
Cash & Deposits	1,136.5	1,457.8	-22.0	1,167.9	-2.7
Fixed Income	11,262.4	11,281.7	-0.2	11,240.2	0.2
Loans	5,446.5	5,404.7	0.8	5,420.2	0.5
Equities	105.9	72.7	45.7	84.8	24.9
Others	6,273.6	5,099.4	23.0	5,517.6	13.7

Equity & Capital Adequacy Ratio

(%, KRW tril.)

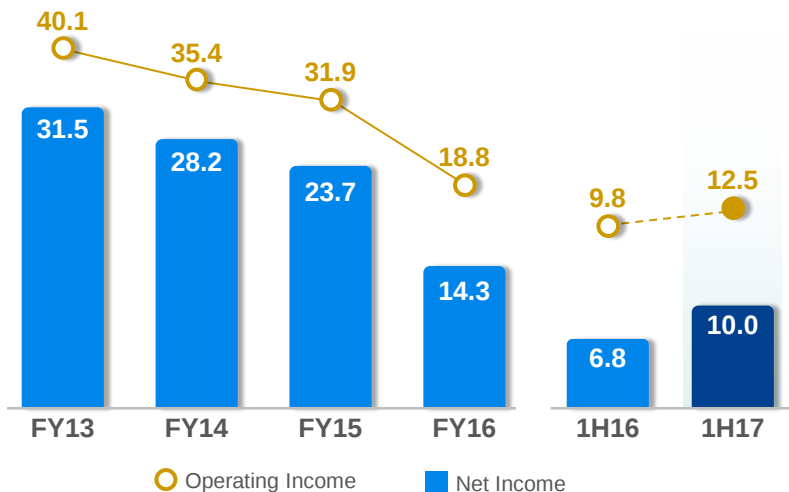


Equity & Capital Adequacy Ratio

(KRW bil.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Shareholders' Equity	1,739.0	1,685.5	3.2	1,713.4	1.5
Capital & Retained Earnings	1,722.9	1,647.1	4.6	1,677.9	2.7
Accumulated Other Comprehensive Income	16.1	38.5	-58.2	35.6	-54.8
RBC Ratio	175.6%	179.2%	-3.6%p	178.3%	-2.7%p

Net Income

(KRW bil.)



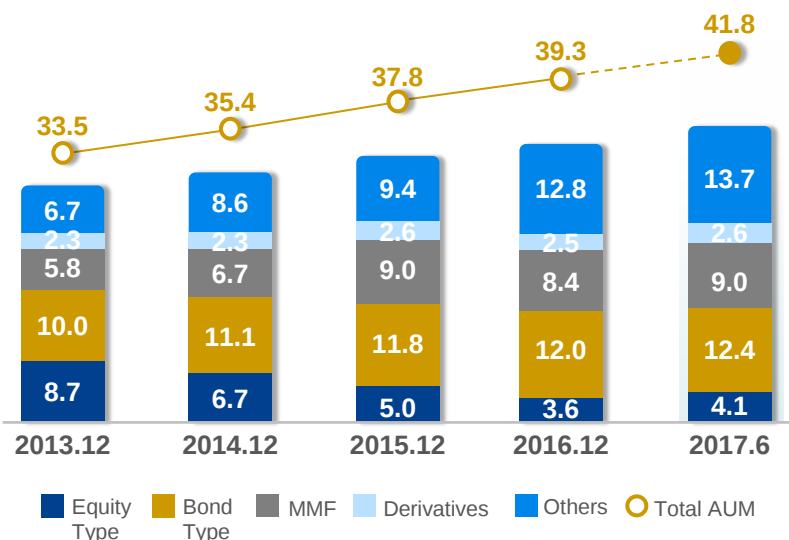
Condensed I/S & Key Financial Indices

(KRW bil.)	1H17	1H16	YoY%	2Q17	1Q17	QoQ%
Operating Revenue	36.7	34.9	5.1	19.6	17.1	14.9
Operating Expense	24.2	25.1	-3.8	12.4	11.8	4.5
(G&A Expenses)	19.9	20.9	-5.0	10.1	9.8	3.0
Operating Income	12.5	9.8	28.0	7.3	5.3	38.3
Net Income	10.0	6.8	46.4	6.0	4.0	49.5
ROE	13.7%	9.4%	4.3%p	13.7%	11.0%	2.7%p

Note) ROE is calculated on a cumulative basis

Assets Under Management

(KRW tril.)



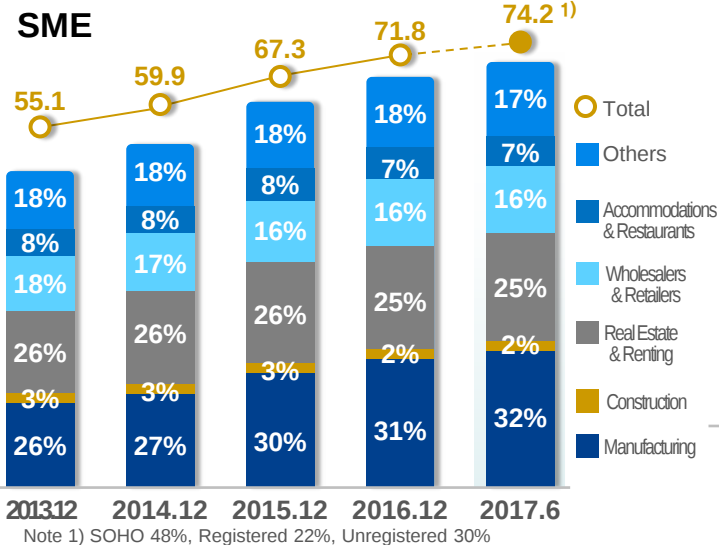
Assets Under Management

(KRW tril.)	2017.6	2016.12	YTD%	2017.3	QoQ%
Total AUM	41.8	39.3	6.4	40.7	2.7
Equity Type	4.1	3.6	16.5	3.6	14.2
Bond Type	12.4	12.0	2.9	12.0	3.1
MMF	9.0	8.4	6.1	9.6	-7.0
Derivatives	2.6	2.5	4.2	2.3	14.0
Others	13.7	12.8	7.4	13.2	4.3

SHB SME Loans

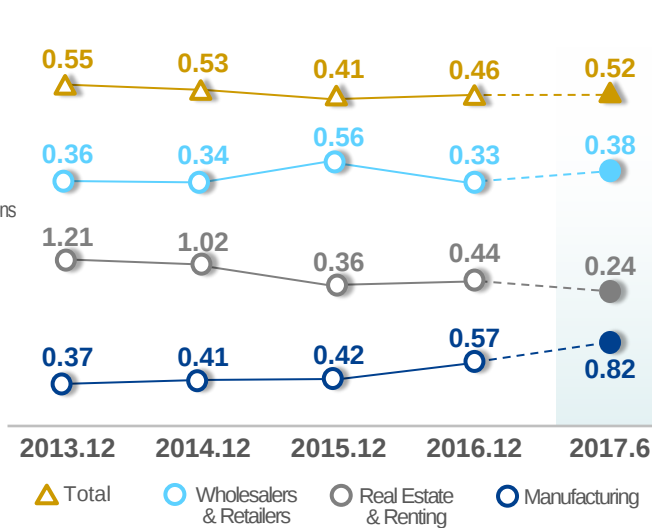
Loans

(KRW tril.)

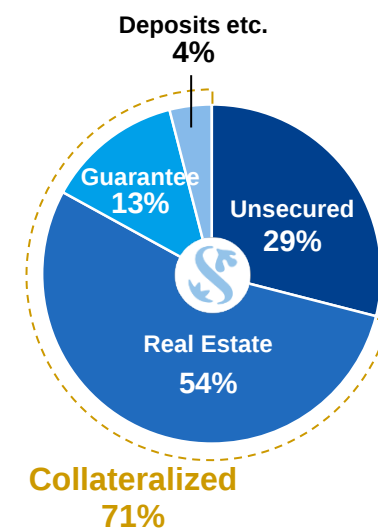


Delinquency

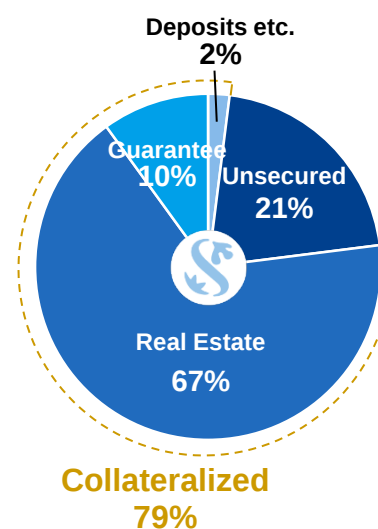
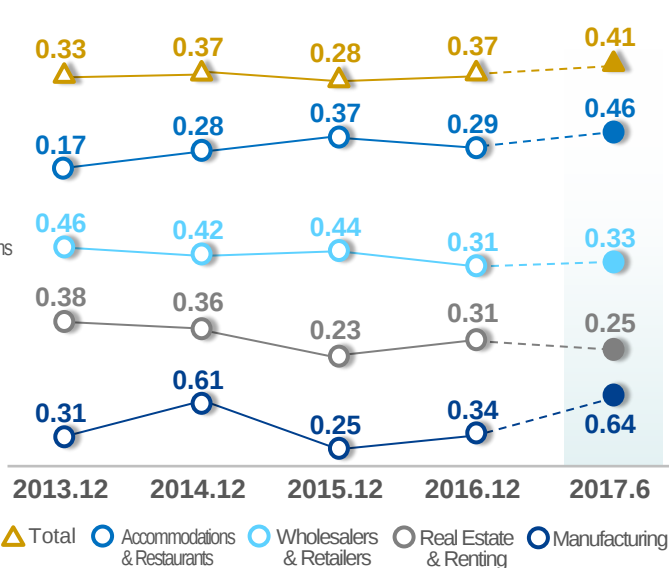
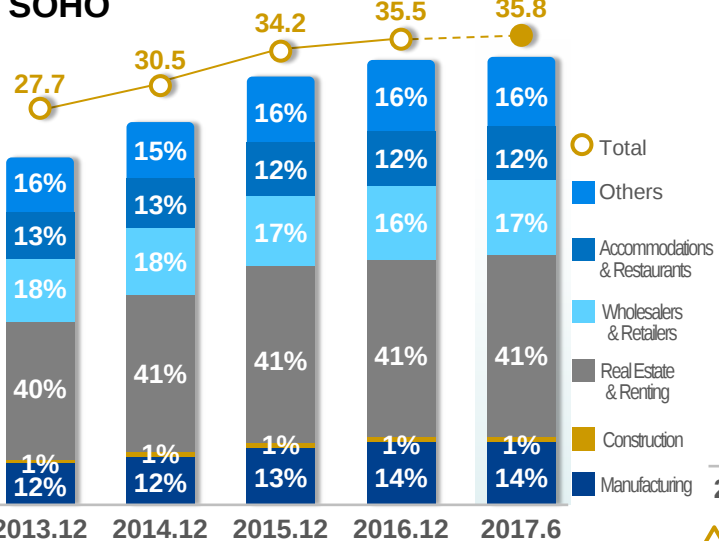
(%)



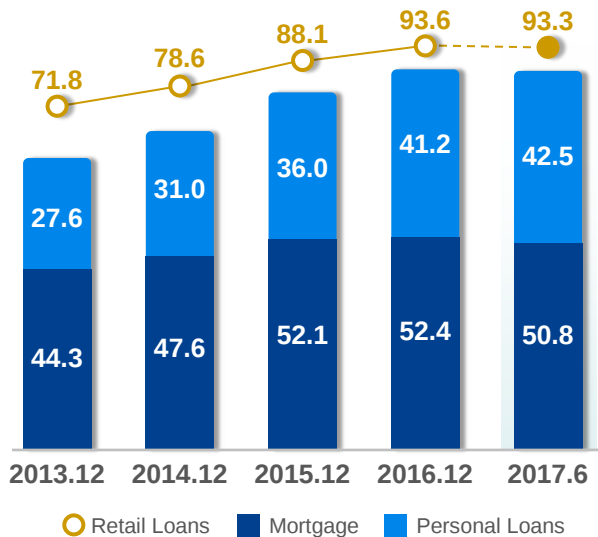
Collateral



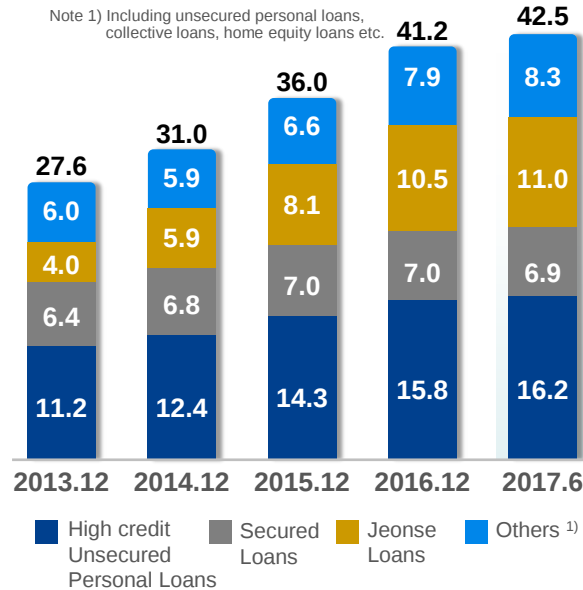
SOHO



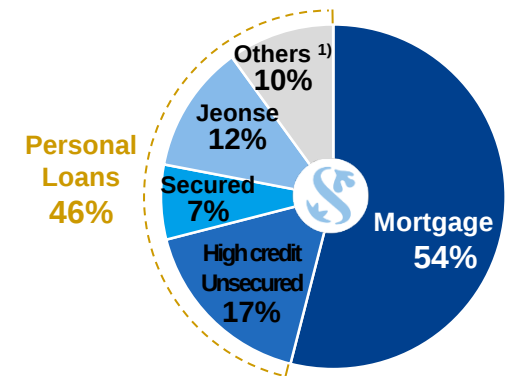
Loans (KRW tril.)



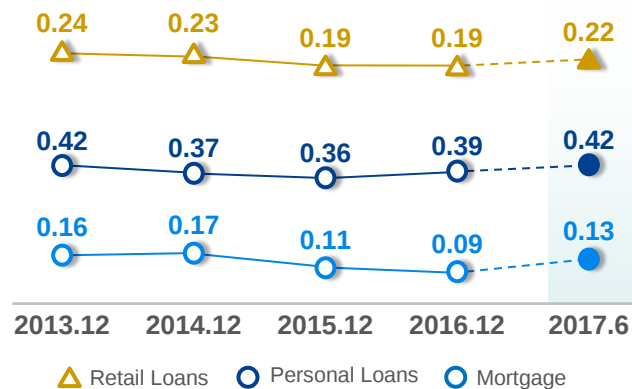
Retail Personal Loans (KRW tril.)



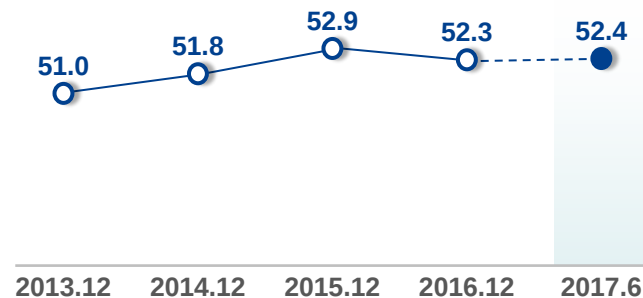
Loan Composition



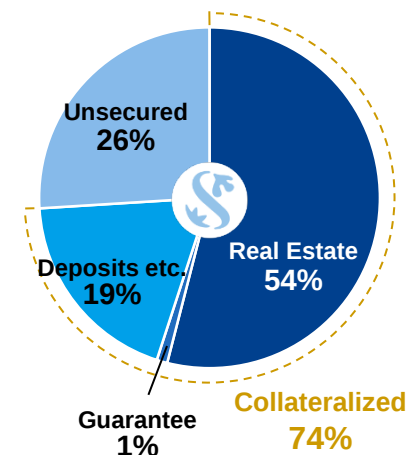
Delinquency (%)



LTV (%)



Collateral





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

