

Business Results

FY 2018

Winter

2020 SMART PROJECT



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.
- 3) The financial figures have been derived following K-IFRS No.1109, 'Financial instruments' and K-IFRS No.1115, 'Revenue from Contracts with Customers' for the year beginning on January 1, 2018.
(Financial information for periods prior to December 31, 2017 has not been restated)

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



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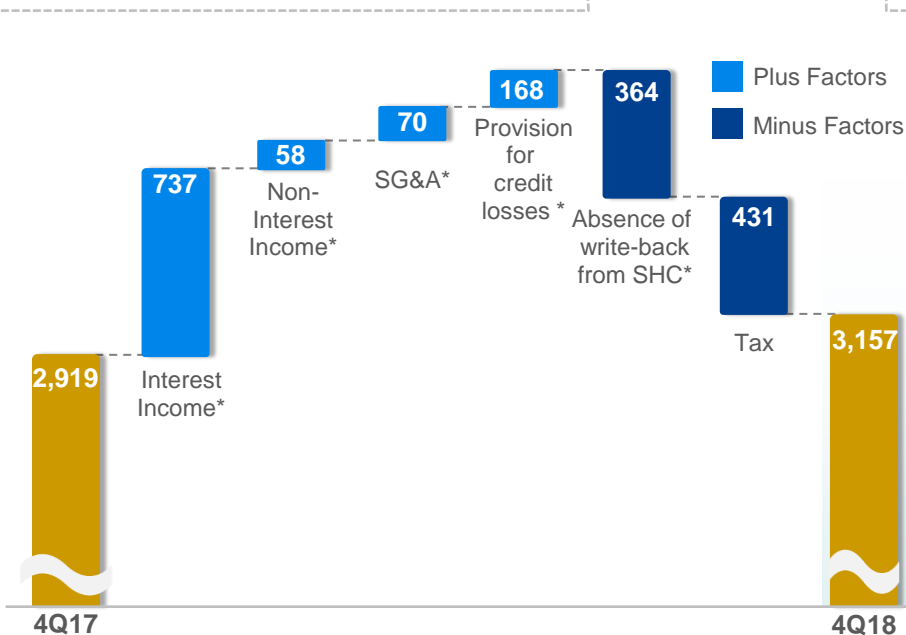
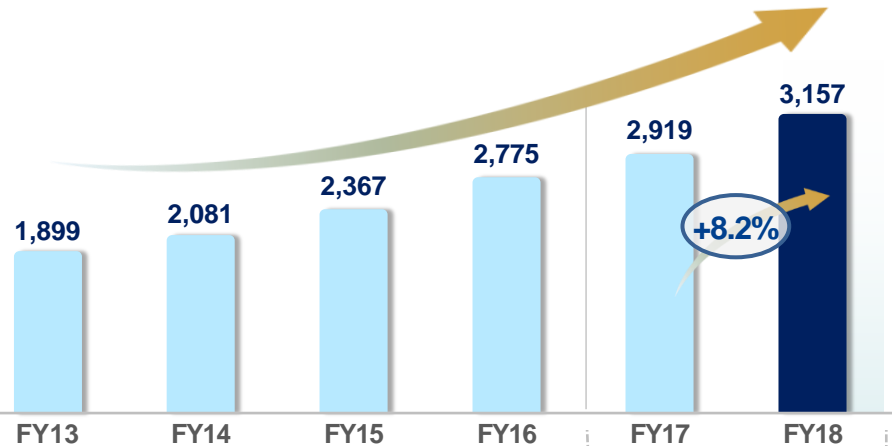


FY2018 Business Result Highlights ①

Group Net Income

(KRW bil.)

Annual NI



* Earnings before income tax

1

Record high net profit :
Strong earnings growth across
banking and non-banking subsidiaries

3,157bil.

(FY2018 cumulative net profit)

2

Solid core earnings growth:
Resilient loan growth with
stable margin expansion

+7.2%

1.62%

(FY2018 SHB cumulative loan growth and NIM)

3

Disciplined cost management:
Cost-to-Income ratio down to
the lowest level in 6 years

47.5%

(FY2018 Cost-to-Income ratio)

4

Prudent risk management:
Maintained solid credit quality and
historically lowest credit costs

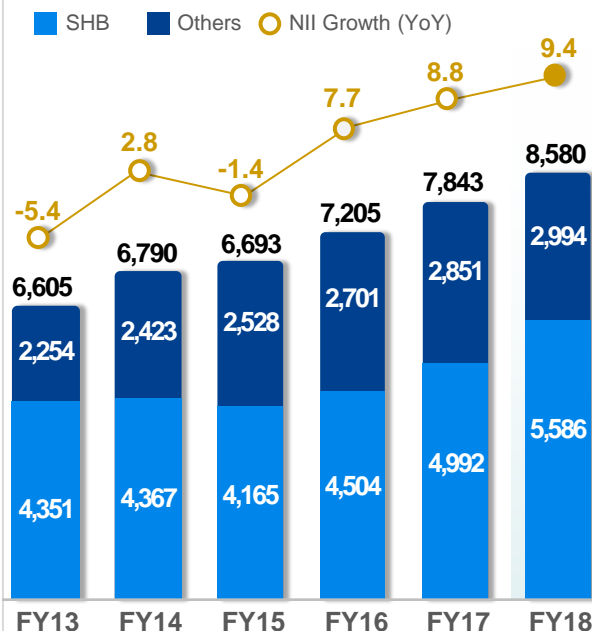
26bp

(FY2018 cumulative credit cost ratio on a recurring basis)

FY2018 Business Result Highlights ②

Interest Income

(%, KRW bil.)

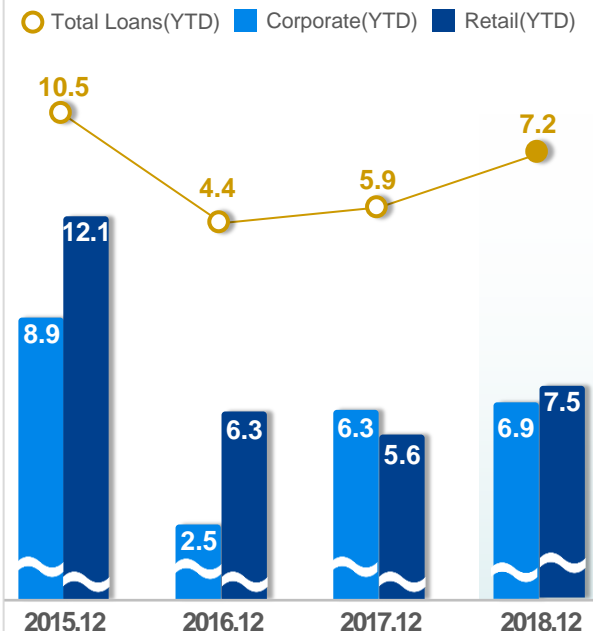


NII Riding Upward Trajectory

- SFG's interest income increased by 9.4% YoY and 2.6% QoQ attributed to resilient loan growth coupled with continuous margin improvement
- Interest income from domestic up by 7.9% YoY, whereas global hiked 31.9% YoY improving its contribution to the Group NII from 5.5% in FY16 to 7.5% in FY18
- NII improvement is attributed to constant drive to focus on qualitative asset growth

SHB Loan Growth

(%)



Balanced Loan Growth

- KRW loan assets as of year end 2018 marked 210 tril. up by 7.2% YTD and 2.2% QoQ through balanced growth between retail and corporate lending
- Loan growth was driven by unsecured personal loans and Jeonse loans in retail and SME loans in corporate sector
- Deposits up by 5.6% YTD reaching to 208 tril. Low cost deposits increased by 3.9% with year-round efforts to draw low-cost funding

NIM

(%)

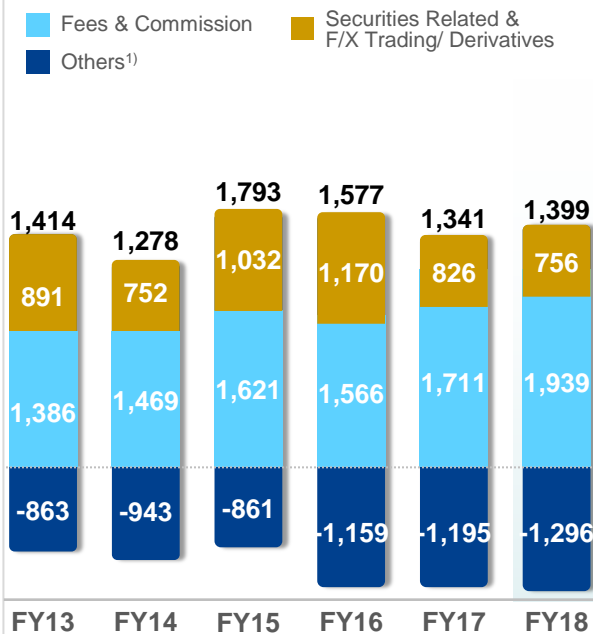


Margin Stabilization

- SHB well-protected NIM, down only by 1bp QoQ, despite pressures on lending yields
Attributed to 1) profitable SME lending as the focus of the growth, 2) funding rates climbing at a slower pace because of high base of low-cost deposits
- SHB's NIM incl. Global is standing at 1.69%, evidencing its higher profitability in Overseas
- Group NIM incl. credit card marked 2.08%, 2bp contraction QoQ

FY2018 Business Result Highlights ③

Non-Interest Income (% , KRW bil.)

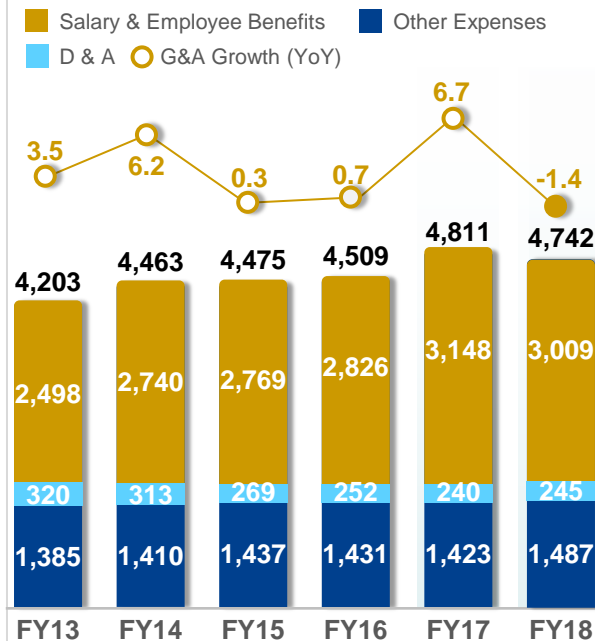


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

Solid Fee Income Growth

- Fee income increased by 13.3% YoY, attributed to increases in fees from brokerage and sales of trust products despite concerns over credit card fees from merchant fee cut
- Non-interest income increased only by 4.3%, albeit with strong fee income growth, mainly due to the absence of non-recurring sales gains from securities disposal in FY2017

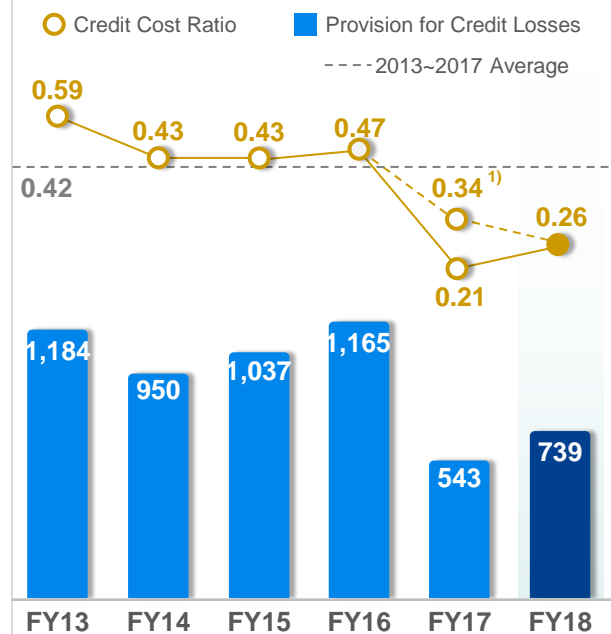
G&A Expenses (% , KRW bil.)



Disciplined Cost Management

- Cost-to-Income ratio fell down to the lowest level in 6 years marking 47.5% on a cumulative basis, through disciplined cost control
- SFG saw moderate decrease in SG&A cost due to the absence of large scale ERP in 4Q17 despite a slight increase in temporary expenses, such as advertising expenses
- When excluding ERP, SG&A up by 2.2% YoY, maintaining stable cost control

Credit Cost (% , KRW bil.)



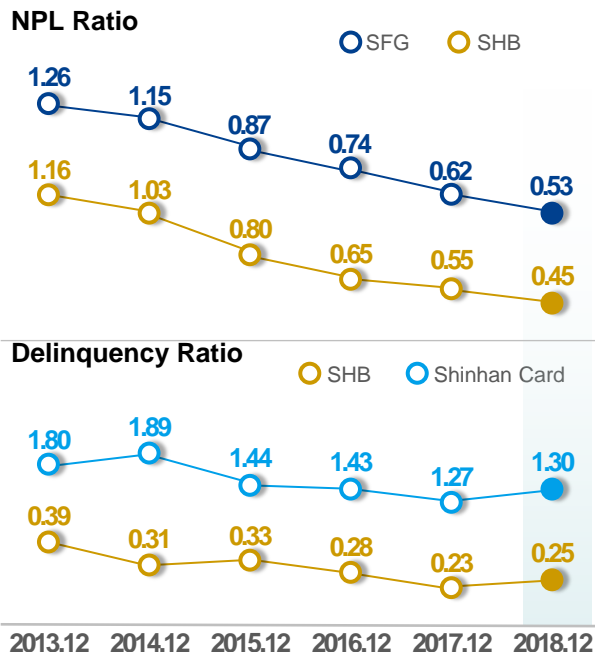
Note 1) Excluding write-backs from Shinhan Card

Continuously Stabilizing Credit Cost

- Cumulative Group credit cost ratio marked 26bp in FY2018, 16bp lower than 5-year average
- SHB's provision decreased by 47.2% YoY, attributed to strong asset quality and the absence of one-off provision burdens related to restructuring companies in 4Q17
- SHC's provision increased YoY due to asset growth, even after excluding the effect of large one-off reversal of allowances in 1Q17

FY2018 Business Result Highlights ④

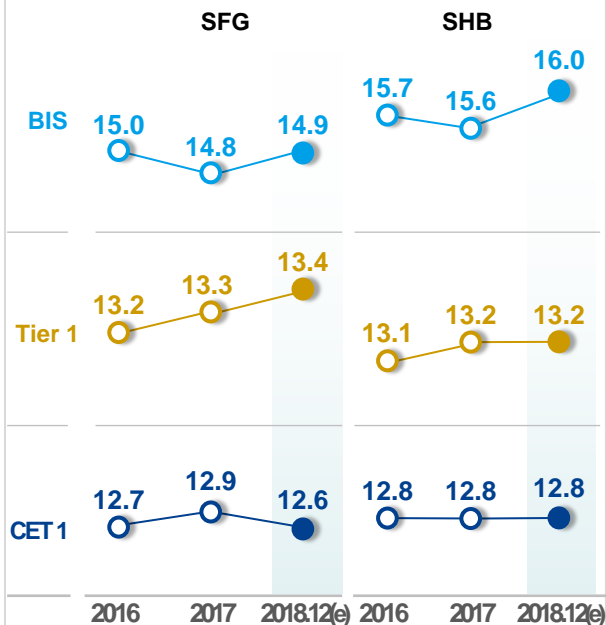
Asset Quality (%)



Benign Asset Quality Concern

- NPL ratios of the Group and SHB recorded 0.53% and 0.45%, improved by 9bp and 10bp YoY respectively, marking the historically lowest level
- NPL coverage ratios of the Group and SHB marked 170% and 142%, up by 36%p and 28%p YoY respectively
- SHB and SHC's delinquency ratios inched up by 2bp and 3bp YoY respectively, still maintaining stable asset quality

Capital Adequacy (%)

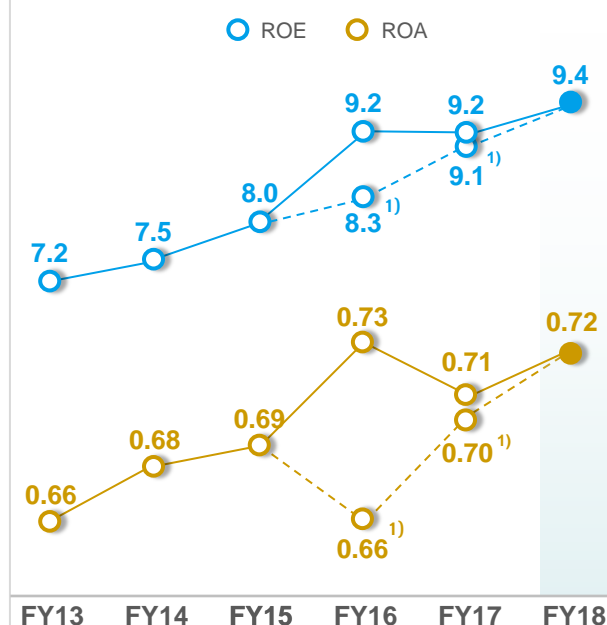


Note) Based on Basel 3

Sustainable Capital Management

- Based on BASEL3, Group's Common Equity Tier1 is estimated at 12.6%, backed by strong earning stream despite the risk weighted asset growth
- Based on BASEL3, SHB's Common Equity Tier1 and BIS ratios are estimated at 12.8% and 16.0% respectively, maintaining strong capital base

ROE & ROA (%)



Note 1) excluding deferred tax asset effect (2016), write-backs from Shinhan Card (2017), ERP Cost (2016 & 2017)

ROE and ROA Improvement

- Group recurring ROE recorded 9.4%, up by 0.2%p YTD, driven by consistent earnings growth
- Group recurring ROA recorded 0.72%, 0.1%p improvement YTD, attributed to strong operating performances both from banking and non-banking subsidiaries with robust uptrend in NII and well-tamed credit cost

Project 2020 Initiatives : Year of Tangible Results

1 Balanced Growth

Bank	Interest Income	Domestic	Organic	Analog (Off-line)	Entity Centric	Business Strategy	Corporate-oriented
NI from Banks (YoY)	Interest Income (YoY)	NI from Domestic (YoY) ²⁾	Group NI (YoY) ²⁾	Cost-to – Income Ratio	Customized Strategy for each of the subsidiaries	Mid-term Business Strategy 2020 SMART Project	Creative Culture, “The Shinhan Leader”
+33%	+9%	+18%	+19%	47.5%			

Non-Banks	Non-Interest Income	Overseas	Inorganic	Digital (On-line)	One Shinhan	Corporate Culture	Community-oriented
NI from Non-Banks (YoY) ³⁾	Fee Income (YoY)	NI from Global Business (SHB, YoY)	New Business Lines + M&As Orange Life, Asia Trust, Shinhan REITs, ANZ Vietnam, PVFC, Archipelago Asset Mgmt.	Operating Income through Digital Platform	Matrix Business Lines, Cross-Selling Ratio	ESG Recognition A ⁺ Grade from CGS	Compassionate Finance “Society of Hope” Project
+16%	+13%	+37%		1,186 bil.	39.7%		
Non Banks NI Contribution 31%	Non-Interest Income Proportion 24% ⁴⁾	Global NI Contribution 14%					

2 Global Expansion

3 Digital Transformation

4 Uphold Corp. Culture

1) Financial Figures are as of Dec. 31, 2018

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

2) Excluding write-backs from SHC

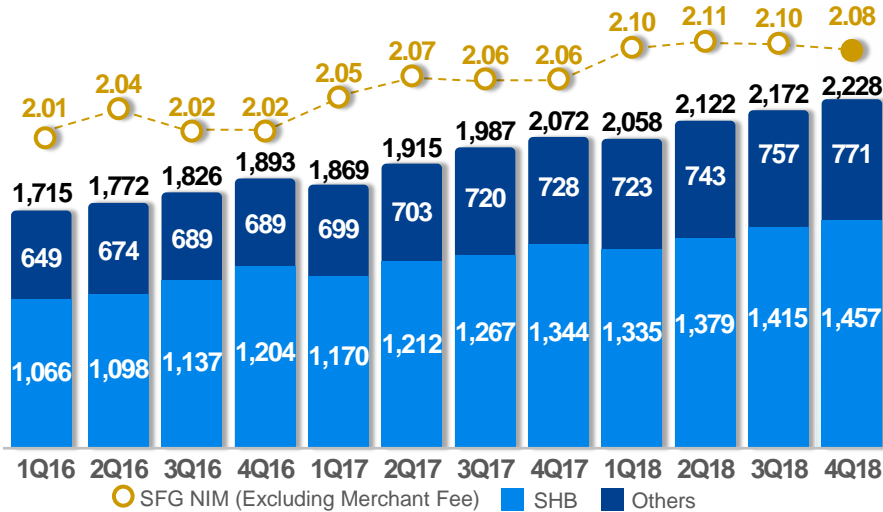
4) Excluding Interest expenses related to Provision for policy reserves of Shinhan Life

II . Income

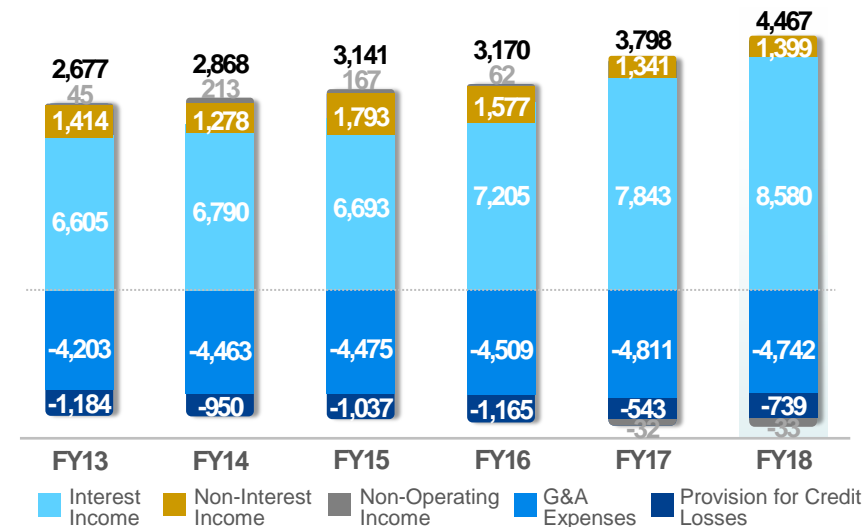
- 1. SFG Income**
- 2. SFG Non-Interest Income**
- 3. SFG G&A Expenses**
- 4. Subsidiaries Income (1)**
- 5. Subsidiaries Income (2)**
- 6. SHB Income / NIM**
- 7. SHB Non-Interest Income**
- 8. Shinhan Card Income**



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



SFG Earnings before Income Tax (KRW bil.)



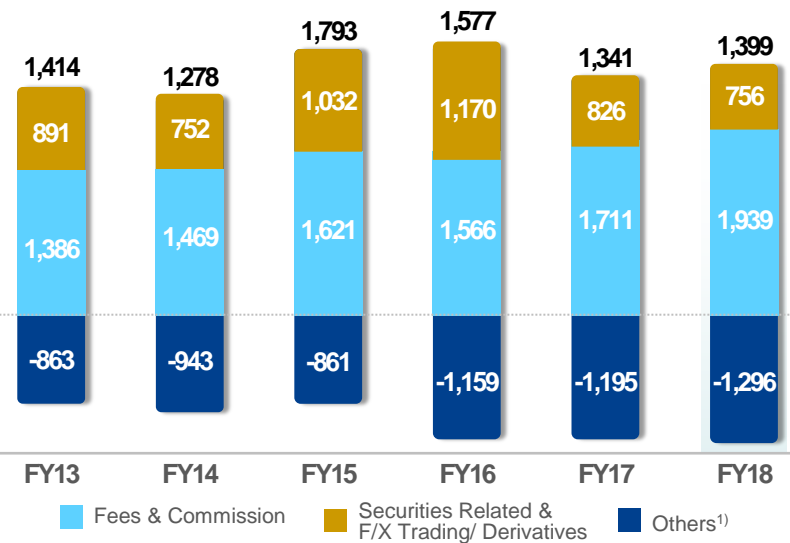
(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Operating Income (a=b+c)	9,979.6	9,184.2	8.7	2,466.6	2,436.6	1.2
Interest Income (b)	8,580.1	7,843.0	9.4	2,228.1	2,171.8	2.6
Non-Interest Income (c)	1,399.5	1,341.3	4.3	238.5	264.8	-9.9
G&A Expenses (d)	4,741.6	4,811.2	-1.4	1,439.0	1,089.2	32.1
Pre-Provision Oper. Income (e=a-d)	5,238.0	4,373.0	19.8	1,027.6	1,347.4	-23.7
Non-Operating Income (f)	-32.8	-32.4	n.a.	-59.4	33.7	n.a.
Pre-Provision Income (g=e+f)	5,205.2	4,340.6	19.9	968.2	1,381.1	-29.9
Provision for Credit Losses (h)	738.6	543.0	36.0	170.6	214.8	-20.6
Earnings before Income Tax (i=g-h)	4,466.6	3,797.6	17.6	797.6	1,166.3	-31.6
Income Tax	1,268.3	848.4	49.5	273.9	308.8	-11.3
Consolidated Net Income ¹⁾	3,156.7	2,918.8	8.2	513.3	847.8	-39.5

Note 1) Net Income in Controlling Interest

SFG Non-Interest Income

SFG Non-Interest Income

(KRW bil.)



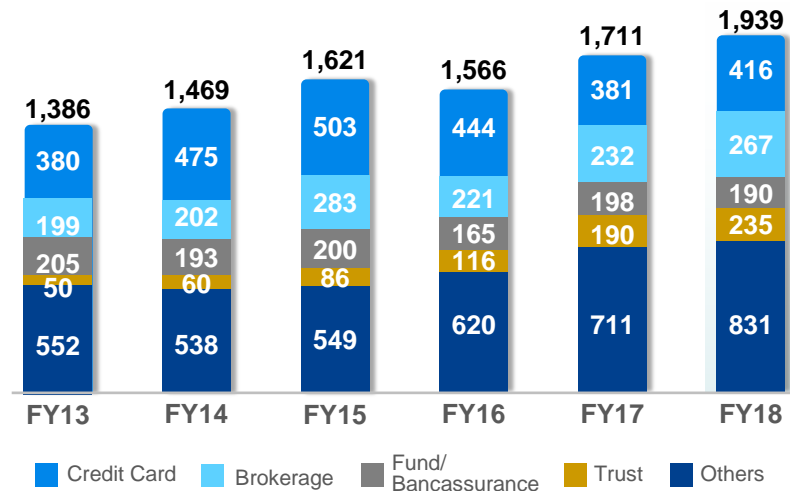
Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Non-Interest Income	1,399.5	1,341.3	4.3	238.5	264.8	-9.9
Fees & Commission	1,939.0	1,711.0	13.3	463.7	479.4	-3.3
Securities Related & FX Trading/Derivatives	756.4	825.6	-8.4	110.7	137.7	-19.6
(Gains on FVPL Financial Instruments)	580.3	-	n.a.	313.3	-87.6	n.a.
(Gains on Derivatives & FX)	82.2	-	n.a.	-200.5	207.7	n.a.
Others	-1,295.9	-1,195.3	n.a.	-336.0	-352.3	n.a.
(Contribution Expenses)	-283.3	-252.4	n.a.	-75.0	-71.5	n.a.
(Insurance Fees on Deposits)	-353.4	-335.8	n.a.	-89.4	-88.5	n.a.
(Provision for Policy Reserves) ¹⁾	-966.9	-936.2	n.a.	-247.4	-241.6	n.a.

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

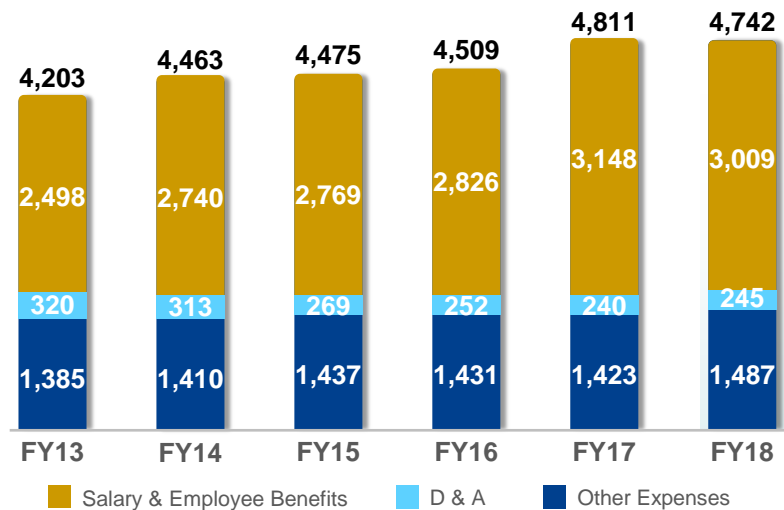
SFG Fees & Commission

(KRW bil.)

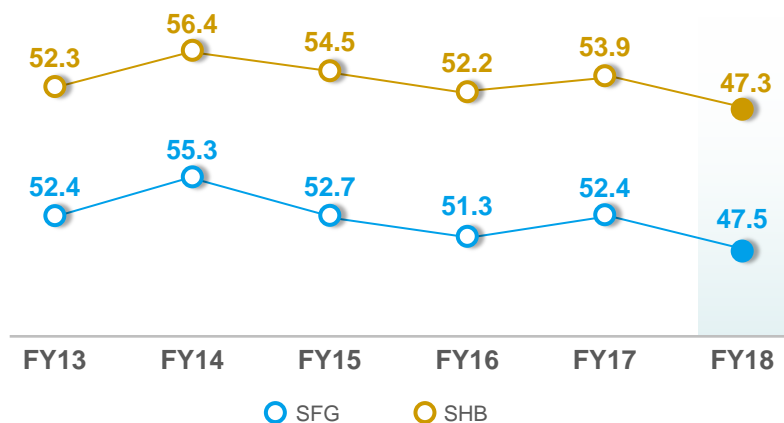


(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Fees & Commission	1,939.0	1,711.0	13.3	463.7	479.4	-3.3
Credit Card Fee Income	415.8	380.9	9.2	130.8	105.5	24.0
Brokerage Commissions	267.3	231.5	15.5	50.4	52.3	-3.6
Fund/Bancassurance Fees	190.4	197.8	-3.7	44.5	43.0	3.5
Trust Fee Income	234.5	190.1	23.4	54.1	51.8	4.5
Others	831.0	710.6	16.9	183.9	226.8	-18.9

SFG G&A Expenses (KRW bil.)



Cost-Income Ratio¹⁾ %



Note 1) Cumulative Basis

SFG G&A Expenses

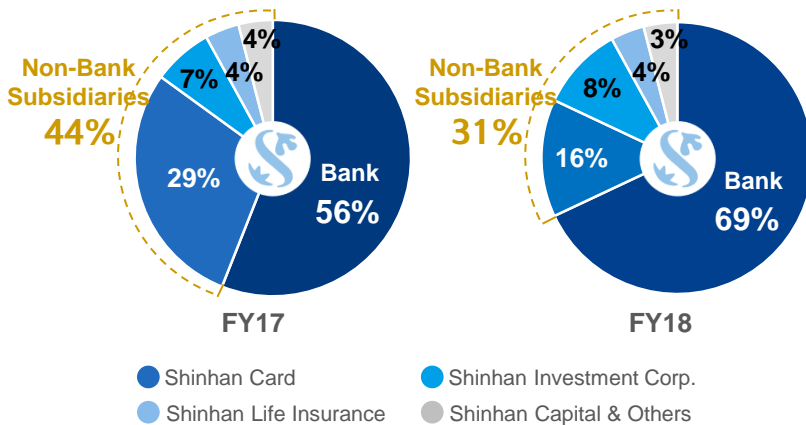
(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
G&A Expenses	4,741.6	4,811.2	-1.4	1,439.0	1,089.2	32.1
Salary & Employee Benefits	3,009.4	3,147.5	-4.4	938.9	683.4	37.4
(Early Retirement Program Expenses)	115.3	285.2	-59.6	114.0	-	n.a.
D & A	245.3	240.4	2.1	61.5	62.2	-1.1
Other Expenses	1,486.9	1,423.3	4.5	438.7	343.6	27.7
(Advertising Expenses)	287.7	271.8	5.8	103.6	62.1	66.8
(Taxes and Dues)	176.1	165.7	6.3	42.3	39.0	8.5

SHB G&A Expenses

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
G&A Expenses	3,061.8	3,118.1	-1.8	969.6	697.1	39.1
Salary & Employee Benefits	1,861.6	1,990.1	-6.5	607.8	414.4	46.6
(Early Retirement Program Expenses)	90.5	224.0	-59.6	90.3	-	n.a.
D & A	162.5	159.0	2.2	40.1	41.4	-3.0
Other Expenses	1,037.7	969.0	7.1	321.7	241.2	33.3
(Advertising Expenses)	74.3	60.3	23.1	28.3	15.7	81.0
(Taxes and Dues)	84.1	76.2	10.4	19.9	18.0	10.7

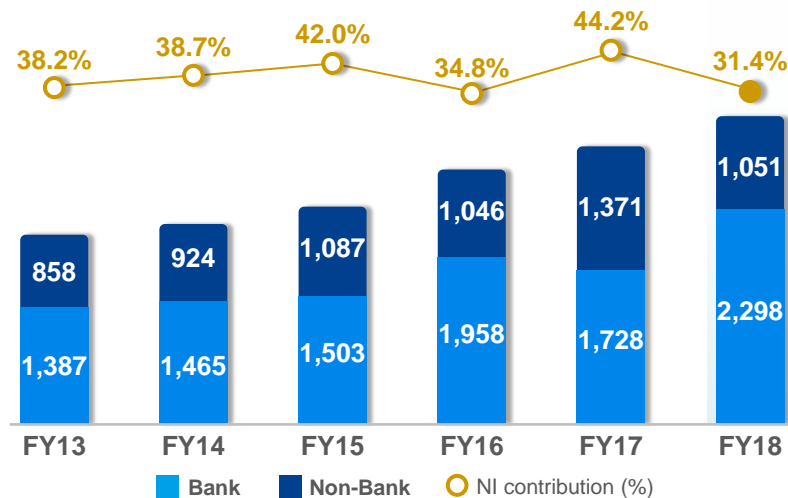
Subsidiaries Income ①

Net Income Contribution by Subsidiaries¹⁾



Note 1) After reflecting ownership by SFG

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



Note 1) After reflecting ownership by SFG

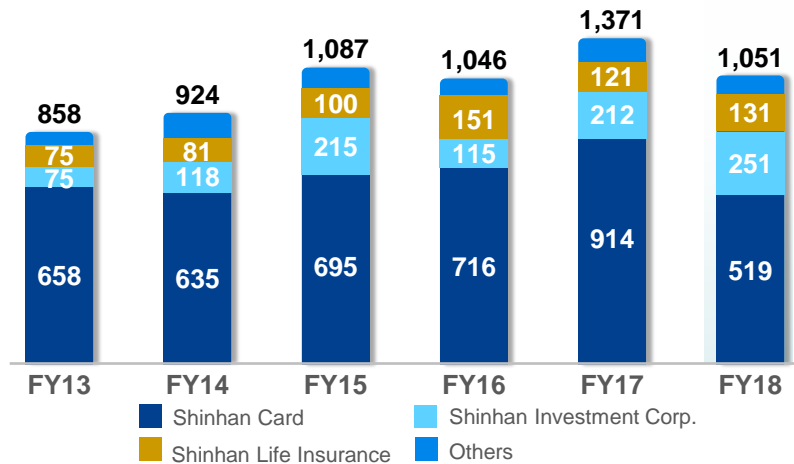
(KRW bil.)	Net Income [A]	Ownership [B]	Net Income (A x Ownership) [C=AxB]	Adjustment [D]	Net Income (Consolidated) [E=C+D]
Bank (a)	2,306.5		2,297.9	-50.5	2,247.4
Shinhan Bank	2,279.0	100.0%	2,279.0	-48.3	2,230.7
Jeju Bank	27.4	71.9%	18.9	-2.2	16.7
Non-Bank (b)	1,057.3		1,050.7	47.2	1,097.9
Shinhan Card	519.4	100.0%	519.4	8.9	528.4
Shinhan Investment Corp.	251.3	100.0%	251.3	2.0	253.3
Shinhan Life Insurance	131.0	100.0%	131.0	23.6	154.6
Shinhan BNPP AM	18.9	65.0%	12.3	0.1	12.4
Shinhan Capital	103.4	100.0%	103.4	8.1	111.5
Shinhan Savings Bank	19.4	100.0%	19.4	1.4	20.8
Shinhan DS	1.3	100.0%	1.3	1.2	2.5
Shinhan AITAS	8.5	99.8%	8.4	1.6	10.0
Shinhan Credit Information	1.4	100.0%	1.4	0.1	1.5
Shinhan Alternative Investment	-0.8	100.0%	-0.8	0.1	-0.7
Shinhan REITs Management	3.6	100.0%	3.6	-	3.6
SFG (c)				-188.6²⁾	-188.6
Total (d=a+b+c) ¹⁾	3,363.8		3,348.6	-191.9	3,156.7

Note 1) Net Income in Controlling Interest

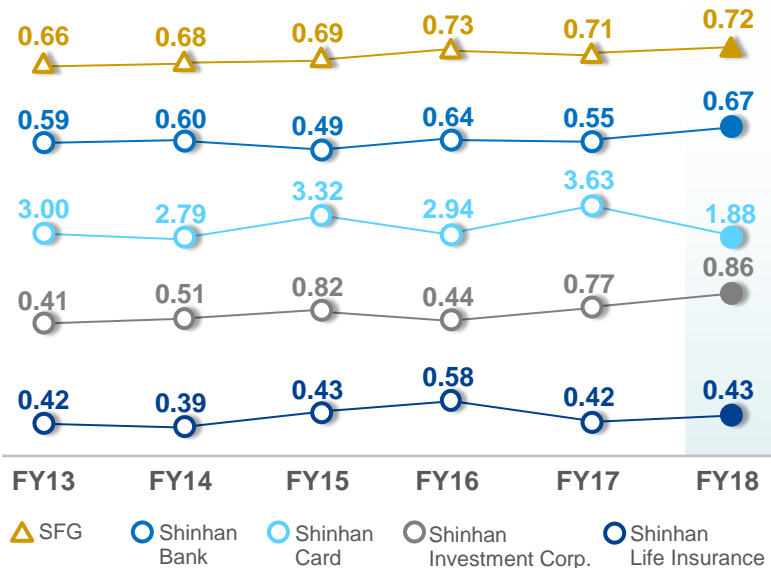
2) SFG (Separate): Brand Fee Income KRW 49.8bil., Interest Expense KRW -152.9bil., G&A etc. KRW -82.7bil.

Subsidiaries Income ②

Non-Bank Net Income (KRW bil.)

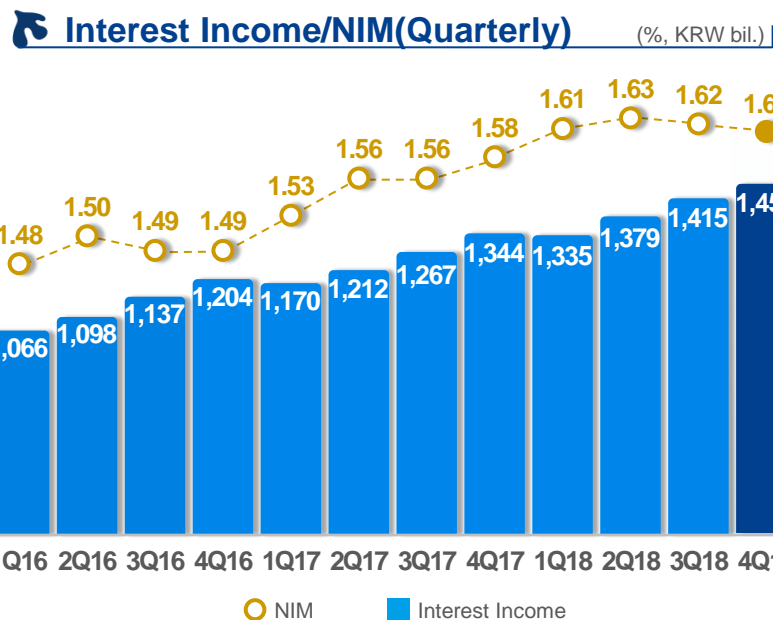
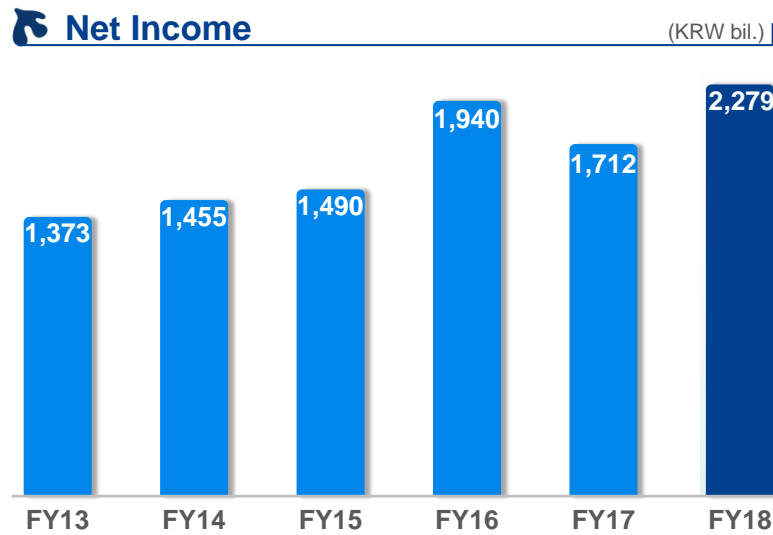


ROA (%)



(Reflecting SFG Ownership, KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Bank (a)	2,297.9	1,729.4	32.9	365.7	650.3	-43.8
Shinhan Bank	2,279.0	1,712.1	33.1	362.6	644.7	-43.8
Jeju Bank	18.9	17.3	8.9	3.1	5.6	-45.2
Non-Bank (b)	1,050.7	1,371.0	-23.4	170.1	260.8	-34.8
Shinhan Card	519.4	913.8	-43.2	123.9	113.6	9.1
Shinhan Investment Corp.	251.3	211.9	18.6	21.2	47.3	-55.1
Shinhan Life Insurance	131.0	120.6	8.6	1.8	59.1	-96.9
Shinhan BNPP AM	12.3	12.8	-4.2	2.5	3.1	-19.1
Shinhan Capital	103.4	87.6	18.0	15.8	23.8	-33.5
Shinhan Savings Bank	19.4	16.8	15.4	5.9	5.4	10.0
Shinhan DS	1.3	1.4	-6.4	0.1	1.0	-86.6
Shinhan AITAS	8.4	6.5	30.5	2.2	2.6	-17.0
Shinhan Credit Information	1.4	0.3	309.7	-0.6	0.6	n.a.
Shinhan Alternative Investment	-0.8	-0.8	n.a.	-3.6	1.7	n.a.
Shinhan REITs Management	3.6	-	n.a.	0.8	2.5	-68.4
Total (a+b)	3,348.6	3,100.4	8.0	535.8	911.1	-41.2
Consolidate Net Income ¹⁾	3,156.7	2,918.8	8.2	513.3	847.8	-39.5

Note 1) Net Income in Controlling Interest



(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Operating Income (a=b+c)	6,468.6	5,782.8	11.9	1,625.8	1,604.7	1.3
Interest Income (b)	5,586.0	4,992.1	11.9	1,457.2	1,415.1	3.0
Non-Interest Income (c)	882.6	790.7	11.6	168.6	189.6	-11.1
G&A Expenses (d)	3,061.8	3,118.1	-1.8	969.6	697.1	39.1
Pre-Provision Oper.Income (e=a-d)	3,406.8	2,664.7	27.8	656.2	907.7	-27.7
Non-Operating Income (f)	-18.3	-46.6	n.a.	-25.9	9.9	n.a.
Pre-Provision Income (g=e+f)	3,388.5	2,618.1	29.4	630.2	917.6	-31.3
Provision for Credit Losses (h)	242.1	459.0	-47.2	65.8	54.6	20.6
Earnings before Income Tax (i=g-h)	3,146.4	2,159.1	45.7	564.4	863.0	-34.6
Income Tax	867.0	446.8	94.1	201.8	218.2	-7.5
Net Income ¹⁾	2,279.0	1,712.1	33.1	362.6	644.7	-43.8

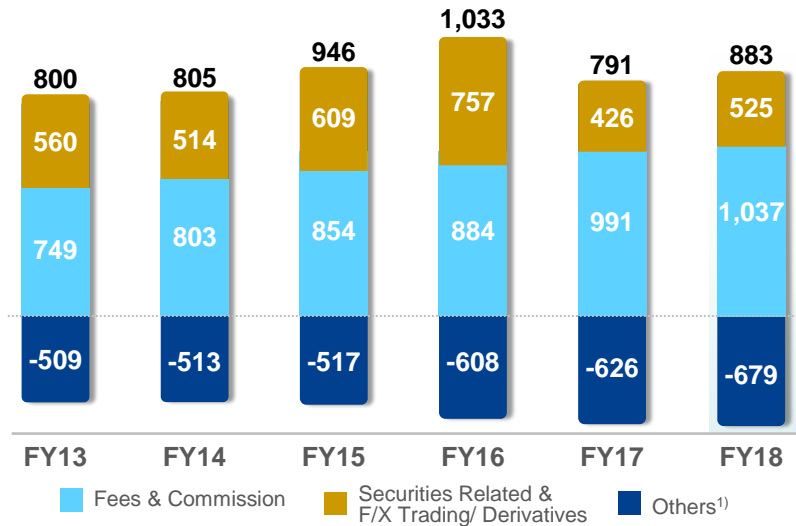
Note 1) Net Income in Controlling Interest

(%)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
NIS (a-b) (quarterly)	1.65	1.69	1.68	1.69	1.75	1.81	1.82	1.84	1.87	1.89	1.89	1.86
Loan interest rate (a)	3.10	3.08	2.99	2.97	3.00	3.03	3.04	3.10	3.19	3.27	3.32	3.35
Deposit interest rate (b)	1.45	1.40	1.31	1.28	1.26	1.22	1.22	1.26	1.32	1.38	1.43	1.49
NIM (quarterly)	1.48	1.50	1.49	1.49	1.53	1.56	1.56	1.58	1.61	1.63	1.62	1.61
NIM (cumulative figures)	1.48	1.49	1.49	1.49	1.53	1.55	1.55	1.56	1.61	1.62	1.62	1.62

SHB Non-Interest Income

Non-Interest Income

(KRW bil.)

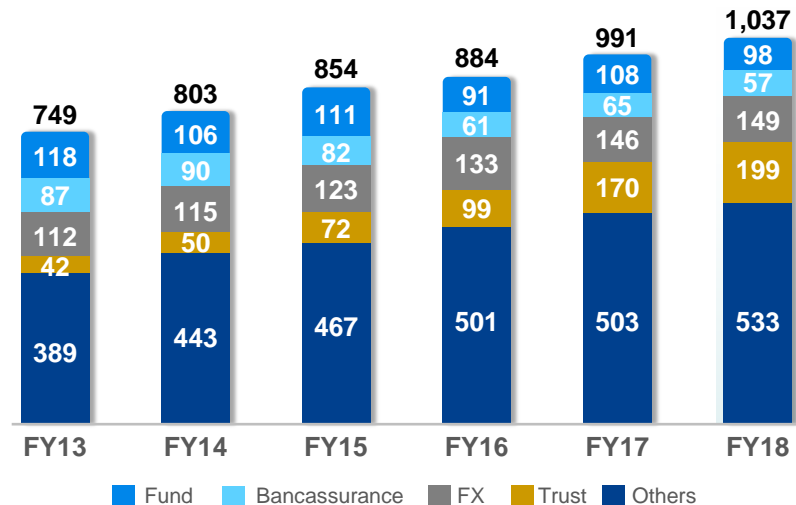


Note 1) Including Insurance Fees on Deposits, Contribution Expenses etc.

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Non-Interest Income	882.6	790.7	11.6	168.6	189.6	-11.1
Fees & Commission	1,036.5	991.1	4.6	257.8	249.2	3.4
Securities Related & FX Trading/Derivatives	525.0	425.8	23.3	90.7	126.5	-28.3
(Gains on FVPL Financial Instruments)	188.3	-	n.a.	-6.8	70.7	n.a.
(Gains on Derivatives & FX)	312.0	-	n.a.	104.5	48.7	114.6
Others	-679.0	-626.1	n.a.	-179.9	-186.1	n.a.
(Contribution Expenses)	-275.3	-244.4	n.a.	-72.9	-69.4	n.a.
(Insurance Fees on Deposits)	-305.9	-291.8	n.a.	-77.4	-76.8	n.a.

Fees & Commission

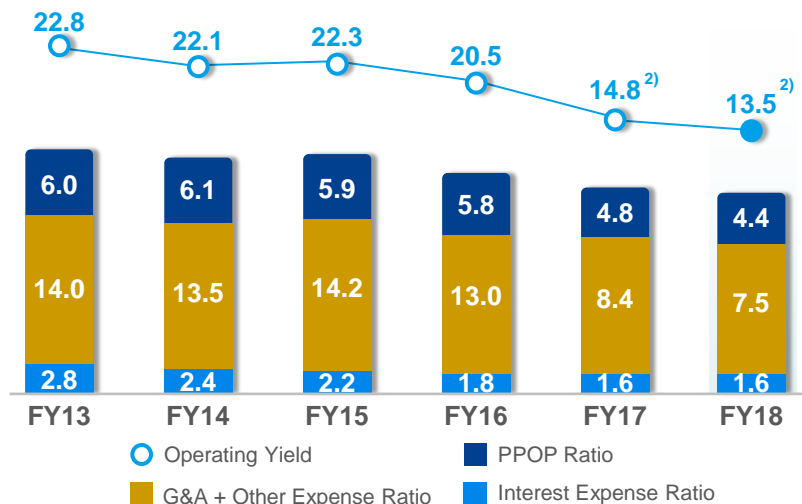
(KRW bil.)



(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Fees & Commission	1,036.5	991.1	4.6	257.8	249.2	3.4
Fund Fee Income	97.9	107.8	-9.1	20.5	20.2	1.9
Bancassurance Fee Income	56.9	65.0	-12.4	14.7	14.2	3.3
FX Fee Income	149.3	145.7	2.5	37.6	39.1	-3.8
Trust Fee Income	199.3	169.6	17.5	45.9	42.1	9.0
Others	533.1	503.0	6.0	139.0	133.5	4.1

Operating Yield and PPOP Ratio

(%)

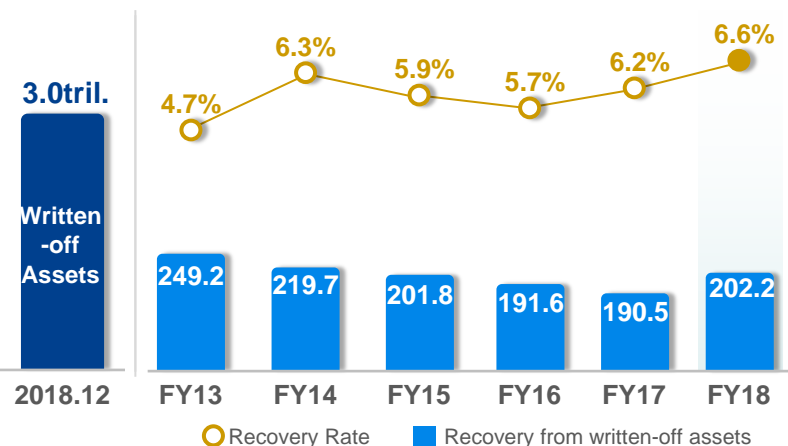


Note 1) Net of Derivatives & F/X

2) Fee recognition standard is changed starting FY18 due to the adoption of IFRS15 (FY17 Figs. are restated for comparison)

Recovery from Written-off Assets

(KRW bil.)



(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Operating Revenue (a)	3,753.9	3,855.0	-2.6	940.8	900.2	4.5
Card Business	2,960.9	2,853.4	3.8	757.6	748.6	1.2
Installment Finance	110.0	102.5	7.4	28.9	28.4	1.9
Lease	126.5	69.7	81.6	38.7	34.9	10.7
Others	556.4	829.4	-32.9	115.6	88.3	30.9
(Derivatives & FX)	152.2	299.6	-49.2	28.4	-3.1	n.a.
Interest Expense (b)	430.7	379.9	13.4	116.6	112.5	3.7
G&A Expenses (c)	703.0	791.1	-11.1	201.9	165.4	22.0
Commissions & Other Expenses (d)	1,452.4	1,522.0	-4.6	359.9	313.1	15.0
(Derivatives & FX)	116.3	266.1	-56.3	19.2	-11.9	n.a.
Pre-Provision Income (e=a-b-c-d)	1,167.7	1,161.9	0.5	262.4	309.2	-15.1
Provision for Credit Losses (f)	466.4	13.8	3,288.0	98.2	156.6	-37.3
Earnings before Income Tax (g=e-f)	701.3	1,148.2	-38.9	164.2	152.6	7.6
Income Tax	183.5	249.4	-26.4	40.4	39.5	2.2
Net Income ¹⁾	519.4	913.8	-43.2	123.9	113.6	9.1

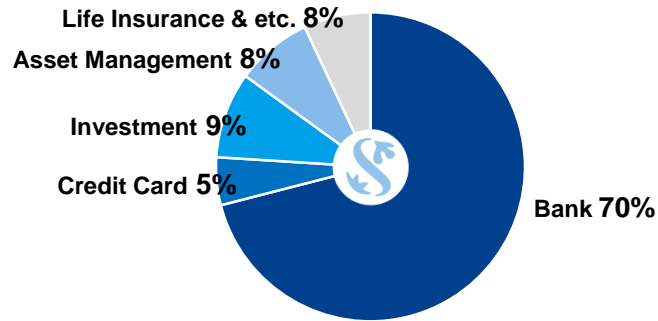
Note 1) Net Income in Controlling Interest

III. Assets & Liabilities

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

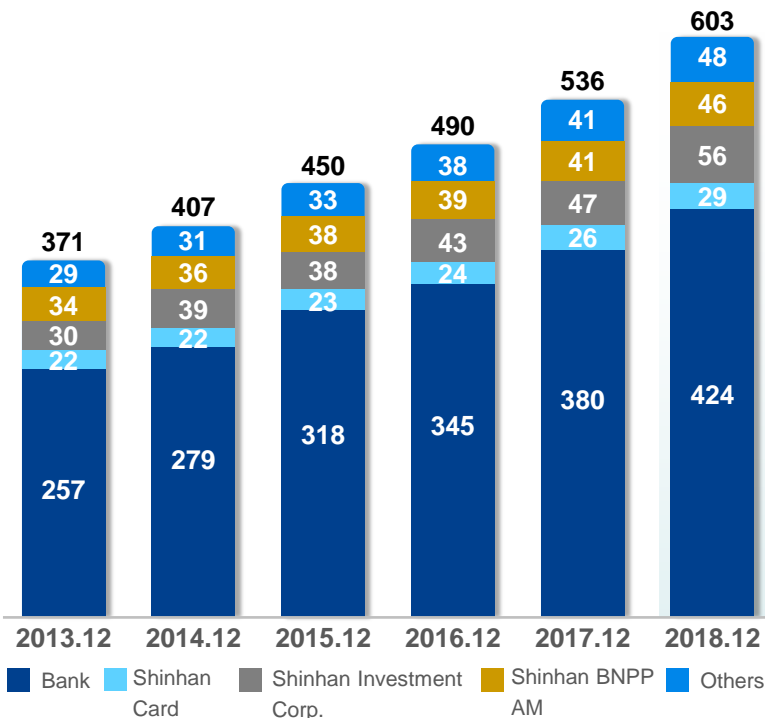


Asset Contribution by Subsidiary



SFG Total Assets

(KRW tril.)



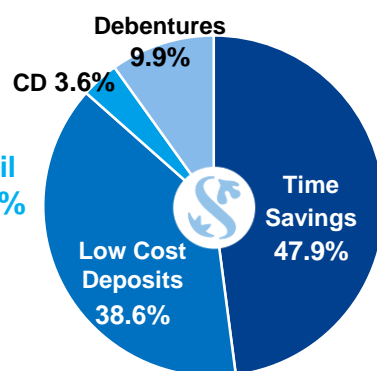
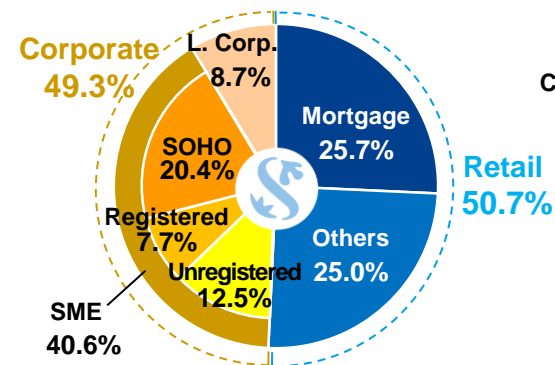
(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Bank (a)	423,928.2	380,209.9	11.5	416,912.5	1.7
Shinhan Bank	417,947.3	374,647.0	11.6	411,182.4	1.6
Jeju Bank	5,980.9	5,562.9	7.5	5,730.1	4.4
Non-Bank (b)	175,787.8	153,789.7	14.3	170,822.3	2.9
Shinhan Card	29,429.5	26,367.6	11.6	29,512.4	-0.3
Shinhan Investment Corp.	55,703.6	46,721.0	19.2	53,190.8	4.7
Shinhan Life Insurance	31,823.6	29,719.4	7.1	31,003.2	2.6
Shinhan BNPP AM	46,165.7	41,134.5	12.2	45,177.8	2.2
Shinhan Capital	6,116.6	5,315.4	15.1	5,928.8	3.2
Shinhan Savings Bank	1,454.3	1,287.2	13.0	1,398.9	4.0
Shinhan DS	43.1	39.8	8.3	46.1	-6.4
Shinhan AITAS	65.7	58.2	13.0	63.4	3.7
Shinhan Credit Information	24.4	22.7	7.3	24.2	0.8
Shinhan Alternative Investment	1,211.6	292.5	314.2	1,104.6	9.7
Shinhan REITs Management	801.3	29.3	2,632.9	649.6	23.3
Others	2,948.6	2,802.1	5.2	2,722.5	8.3
Total ¹⁾	603,453.5	535,915.9	12.6	591,398.5	2.0
Consolidate Total Assets	459,600.5	426,305.7	7.8	457,709.0	0.4

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

SHB Loan / Deposit Growth

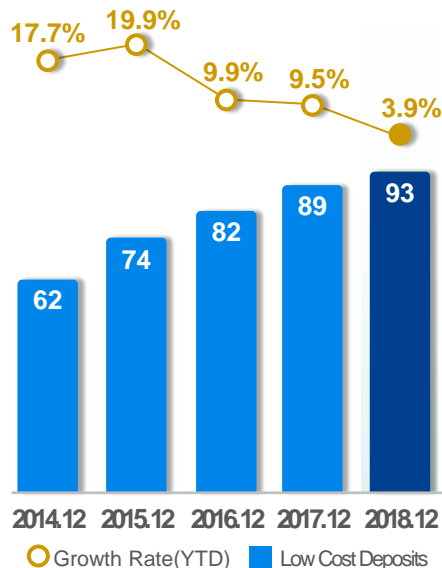
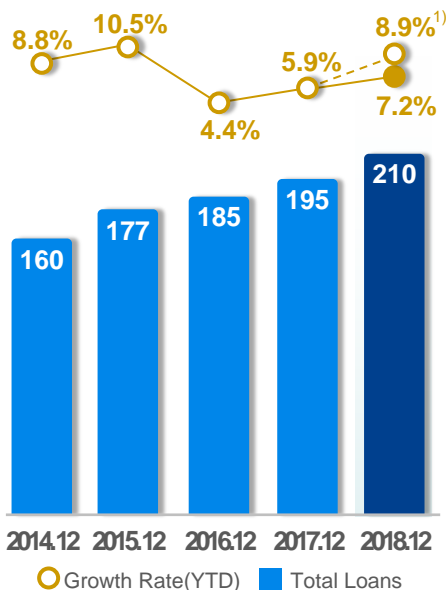
Loan Composition

Funding Composition



KRW Loan Growth (KRW tril.)

Low Cost Deposits (KRW tril.)



Note 1) Including Loans Securitized

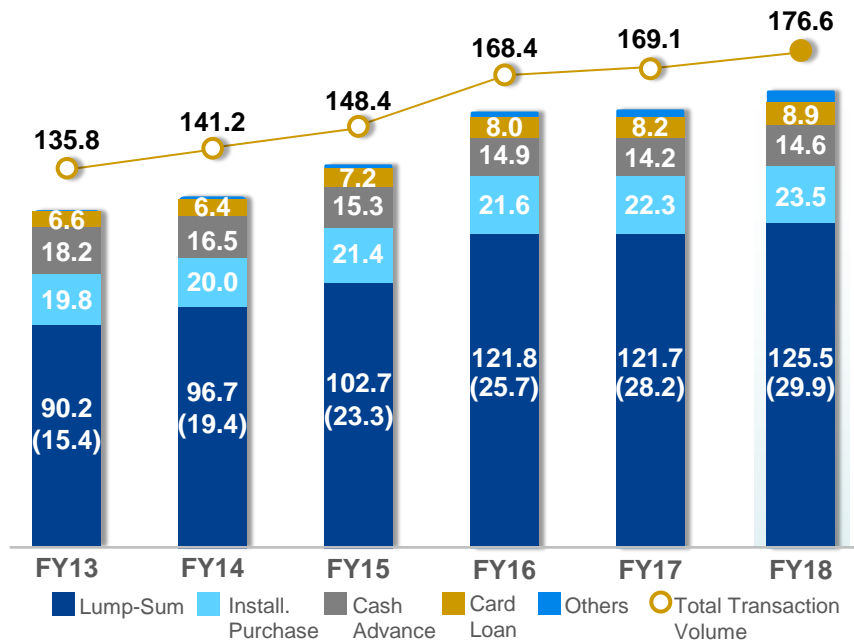
(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Loan in KRW	209,568	195,497	7.2	205,188	2.2
Retail	106,304	98,877	7.5	103,160	3.2
Mortgage	53,935	52,808	2.1	53,192	1.4
Others ¹⁾	52,369	46,069	13.7	49,967	5.2
Corporate	103,264	96,620	6.9	102,028	1.3
SME	84,974	78,556	8.2	83,973	1.3
SOHO	42,665	38,610	10.5	41,898	2.0
Large Corporate etc.	18,290	18,064	1.3	18,056	1.3
Loan in FX	7,807	7,658	1.9	7,516	3.8

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

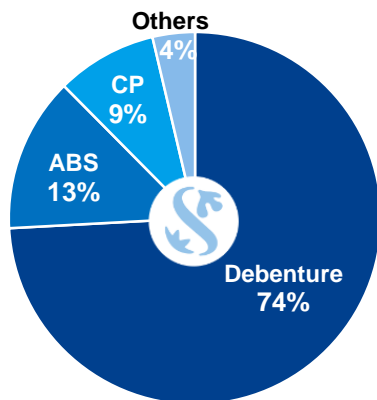
(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Total Deposits in KRW	208,349	197,355	5.6	205,408	1.5
Low Cost Deposits	92,950	89,462	3.9	94,187	-1.4
Demand	28,455	26,936	5.6	28,256	0.7
Savings	64,495	62,525	3.2	65,931	-2.3
Time Savings	115,399	107,894	7.0	111,221	3.9
Time Deposits	106,684	99,491	7.2	102,605	4.1
Accumulative etc.	8,715	8,403	3.7	8,616	1.2
Certificate of Deposits	8,603	6,973	23.4	8,709	-1.5
Debentures in KRW	23,814	20,057	18.7	21,627	10.9

Shinhan Card Asset Growth

Transaction Volume (KRW tril.)



Funding Composition



(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Earning Assets	27,254	24,553	11.0	26,708	2.0
Credit Purchase	14,015	12,620	11.1	13,695	2.3
Cash Advances	1,986	1,921	3.4	1,896	4.7
Card Loan	6,276	5,944	5.6	6,267	0.1
(Re-aged Loan)	239	250	-4.3	235	1.7
Installment Finance	2,671	2,270	17.6	2,557	4.4
Lease etc.	2,306	1,798	28.2	2,293	0.5
Effective Cardholders (in thousands)	12,495	12,295	1.6	12,473	0.2
Merchants (in thousands)	2,810	2,724	3.1	2,786	0.9

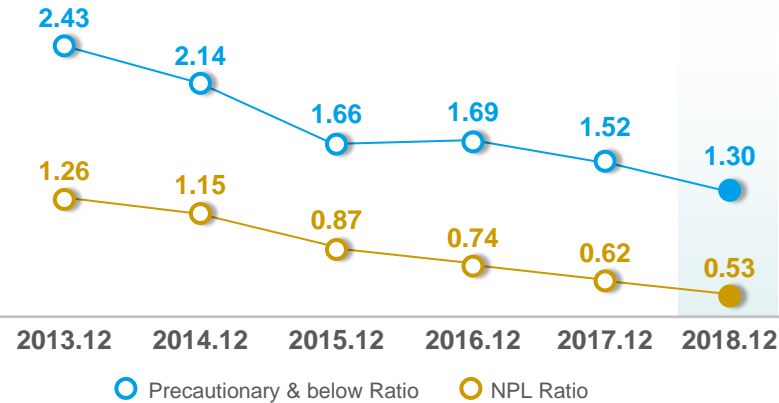
(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Total Funding	19,033	15,840	20.2	18,494	2.9
Debentures	14,112	11,814	19.4	13,411	5.2
ABS	2,556	2,121	20.5	2,918	-12.4
CP	1,665	1,130	47.3	1,465	13.7
Others	700	775	-9.7	701	-0.1

IV. Asset Quality

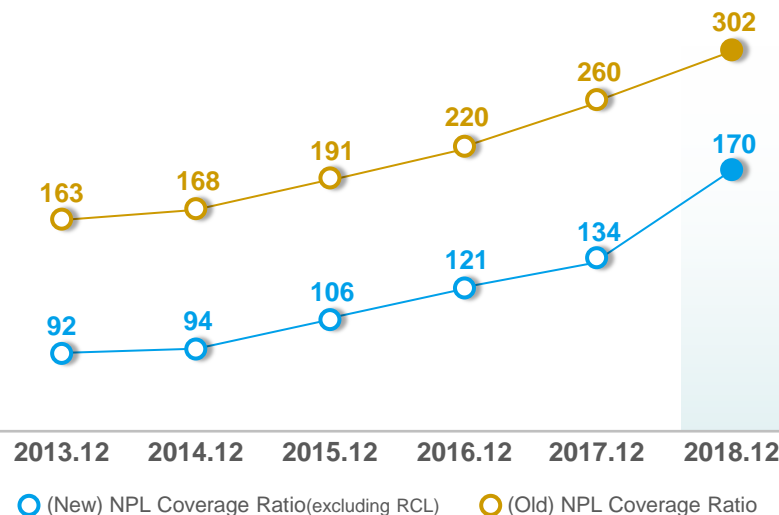
- 1. SFG Asset Quality**
- 2. SHB Asset Quality**
- 3. Shinhan Card Asset Quality**
- 4. Provision for Credit Losses / Write-offs**



Precautionary & below Ratio/NPL Ratio (%)



NPL Coverage Ratio (%)



(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Total Loans ¹⁾	287,918	263,976	9.1	281,369	2.3
Normal	284,180	259,957	9.3	277,501	2.4
Precautionary	2,227	2,384	-6.6	2,318	-3.9
Substandard	479	551	-13.2	533	-10.2
Doubtful	498	518	-3.7	481	3.6
Estimated Loss	535	567	-5.6	537	-0.4
Substandard & Below	1,512	1,635	-7.6	1,550	-2.5
NPL Ratio	0.53%	0.62%	-0.09%p	0.55%	-0.02%p
Loan Loss Allowance ²⁾	4,562	4,246	7.4	4,507	1.2
Reserve for credit losses ³⁾	1,987	2,059	-3.5	1,873	6.1
(New) NPL Coverage Ratio ⁴⁾	170%	134%	36%p	170%	0%p
(Old) NPL Coverage Ratio	302%	260%	42%p	291%	11%p

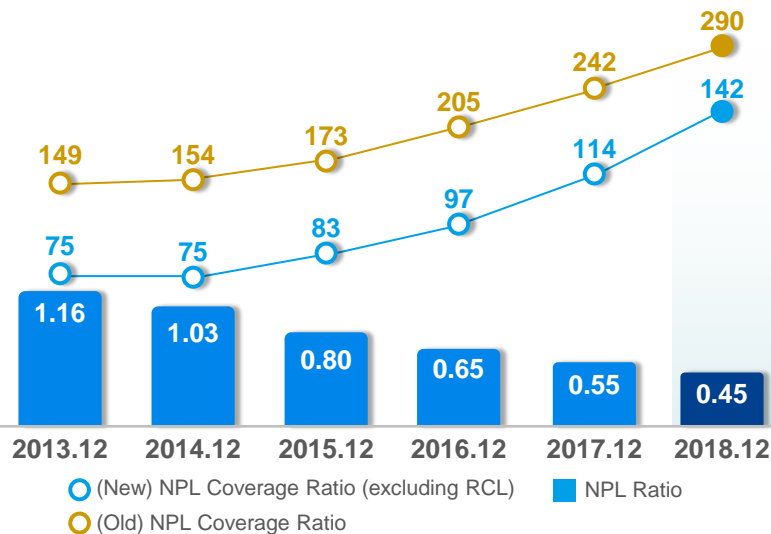
Note 1) Sum of Shinhan Bank, Jeju Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan Capital and Shinhan Savings Bank

2) Sum of IFRS standard LLA and reserves for credit losses

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

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

NPL Coverage Ratio & NPL Ratio (%)



Delinquency Ratio (%)

Total Delinquency



SME(+SOHO)



Retail



Note) 1 month overdue

(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Total Loans	236,572	219,230	7.9	232,000	2.0
Normal	234,335	216,941	8.0	229,710	2.0
Precautionary	1,167	1,084	7.7	1,189	-1.9
Substandard	424	462	-8.3	456	-7.0
Doubtful	334	363	-8.0	321	4.1
Estimated Loss	313	381	-17.9	324	-3.5
Substandard & Below	1,070	1,206	-11.2	1,101	-2.8
NPL Ratio	0.45%	0.55%	-0.10%p	0.47%	-0.02%p
Loan Loss Allowance ¹⁾	3,105	2,914	6.6	3,053	1.7
Reserve for credit losses ²⁾	1,588	1,539	3.2	1,482	7.2
(New) NPL Coverage Ratio ³⁾	142%	114%	28%p	143%	-1%p
(Old) NPL Coverage Ratio	290%	242%	48%p	277%	13%p

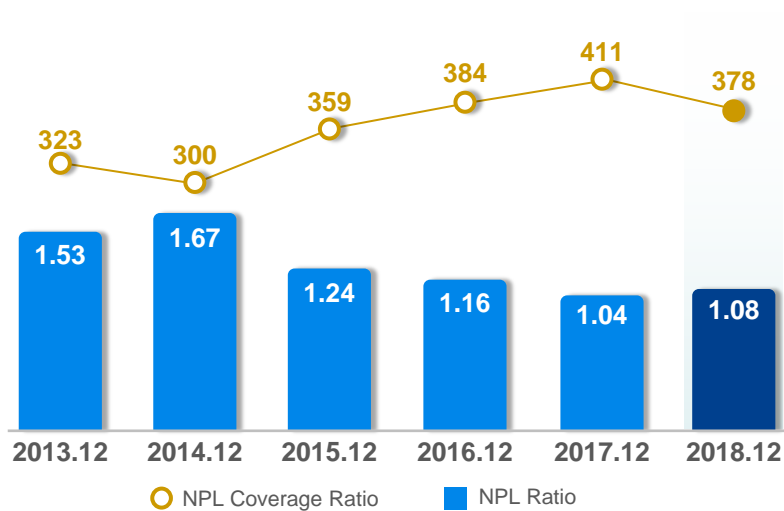
Note 1) Sum of IFRS standard LLA and reserves for credit losses

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

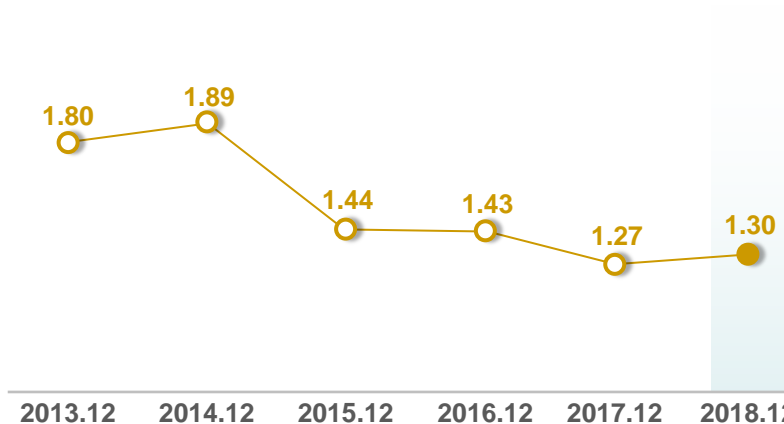
3) Excluding reserve for credit losses in accordance with the revision of relevant regulation (Dec. 2016)

Shinhan Card Asset Quality

NPL Ratio & NPL Coverage Ratio (%)



Delinquency Ratio (%)



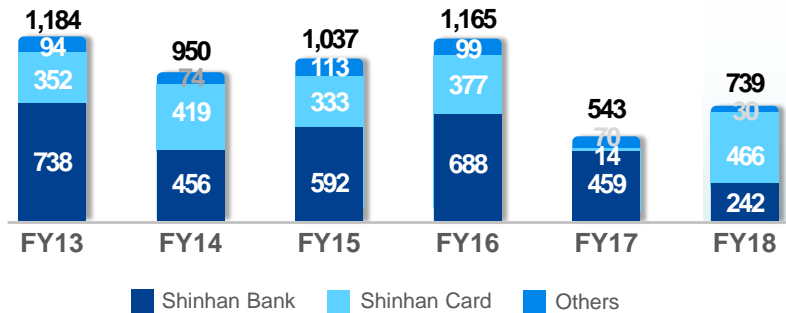
Note) 1 month overdue from total credit

(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Total Loans	28,311	25,250	12.1	27,885	1.5
Normal	27,244	24,067	13.2	26,785	1.7
Precautionary	760	919	-17.3	805	-5.5
Substandard	-	-	-	-	-
Doubtful	135	122	10.6	131	3.2
Estimated Loss	170	141	20.5	163	4.3
Substandard & Below	306	264	15.9	294	3.8
NPL Ratio	1.08%	1.04%	0.04%p	1.06%	0.02%p
Loan Loss Allowance ¹⁾	1,155	1,083	6.6	1,155	0.0
Reserve for credit losses	293	431	-31.9	280	4.9
NPL Coverage Ratio	378%	411%	-33%p	392%	-14%p

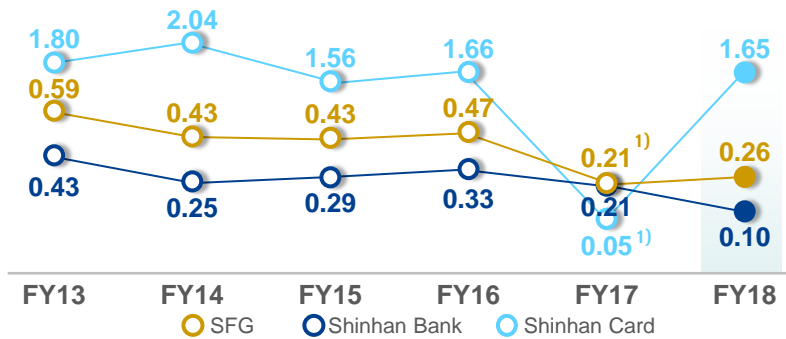
Note 1) Sum of IFRS standard LLA and reserves for credit losses (Excluding reserve for unused credit lines)

Provision for Credit Losses / Write-Offs

Provision for Credit Losses (KRW bil.)

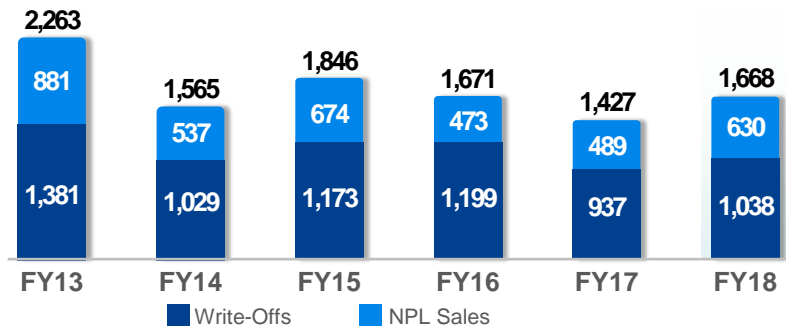


Credit Cost Ratio (%)



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.)	FY18	1Q18	2Q18	3Q18	4Q18	FY17	1Q17	2Q17	3Q17	4Q17
Shinhan Bank ¹⁾	217	86	37	28	65	445	59	74	123	190
Retail	180	49	32	64	34	168	30	44	45	49
Corporate	37	38	5	-37	30	277	28	30	78	141
Shinhan Card	466	91	121	157	98	14	-264	93	61	125
Total	683	177	158	184	163	459	-206	166	183	315

Note 1) SHB figures are separate basis

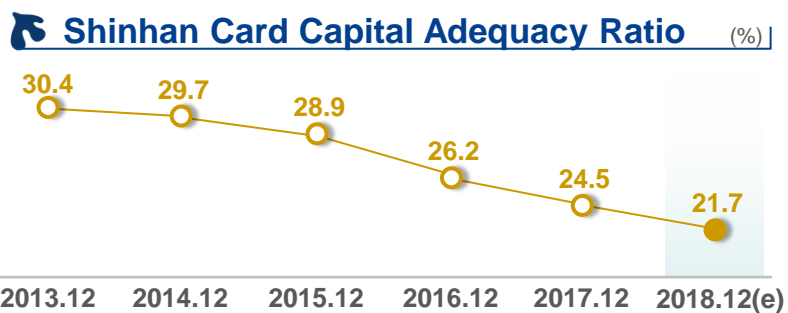
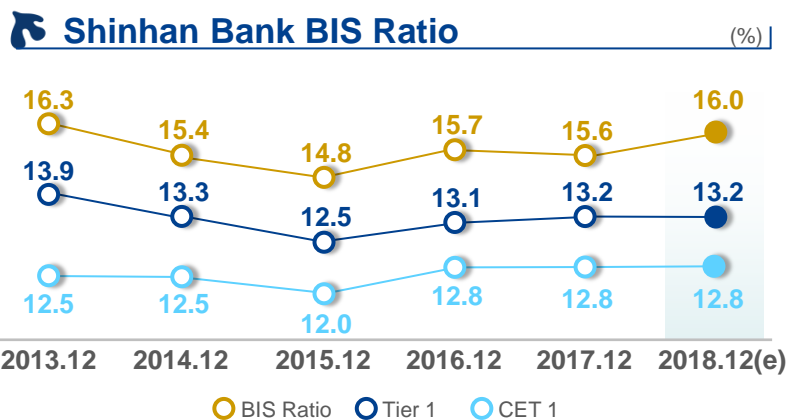
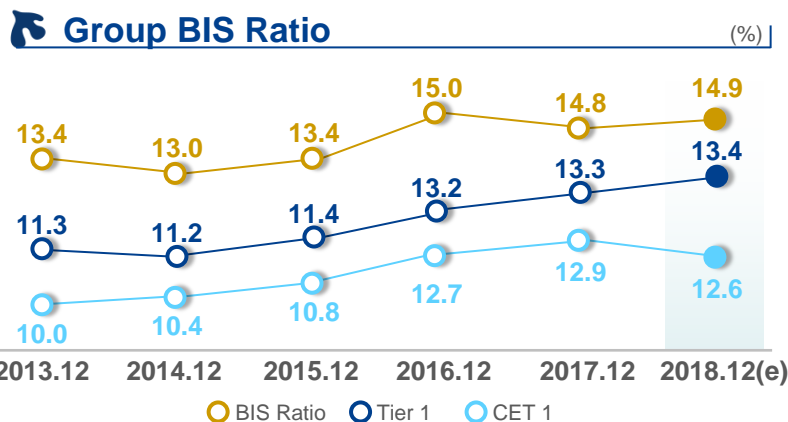
Write-Offs & NPL Sales

(KRW bil.)	FY18	1Q18	2Q18	3Q18	4Q18	FY17	1Q17	2Q17	3Q17	4Q17
Shinhan Bank	1,097	149	361	265	322	878	102	240	269	267
Write-Off	467	69	174	113	112	388	41	111	128	109
Retail	200	47	64	51	38	127	15	51	22	39
Corporate	267	22	109	61	74	261	26	60	106	70
Sale	630	81	187	152	210	489	62	129	141	158
Retail	80	13	20	21	26	67	8	20	22	18
Corporate	550	68	167	132	184	422	53	109	119	140
Shinhan Card	571	120	145	148	158	549	124	128	148	149
Total	1,668	270	506	413	480	1,427	227	368	416	415

V . Capital Adequacy & Key Financial Indices

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





Note) Figs. from 2013.12 Group/Bank based on Basel3, Figs. up to 2013.09, Group based on Basel1, Bank based on Basel2

Group BIS Ratio

(KRW bil.)	2018.12(e)	2017.12	YTD%	2018.9	QoQ%
Risk-Weighted Assets	228,623	207,769	10.0	223,685	2.2
Capital	34,014	30,713	10.7	34,114	-0.3
CET 1	28,710	26,757	7.3	28,990	-1.0
Tier 1	30,693	27,673	10.9	30,845	-0.5
BIS Ratio	14.9%	14.8%	0.1%p	15.3%	-0.4%p
CET 1	12.6%	12.9%	-0.3%p	13.0%	-0.4%p
Tier 1	13.4%	13.3%	0.1%p	13.8%	-0.4%p

Note) Based on Basel3

Shinhan Bank BIS Ratio

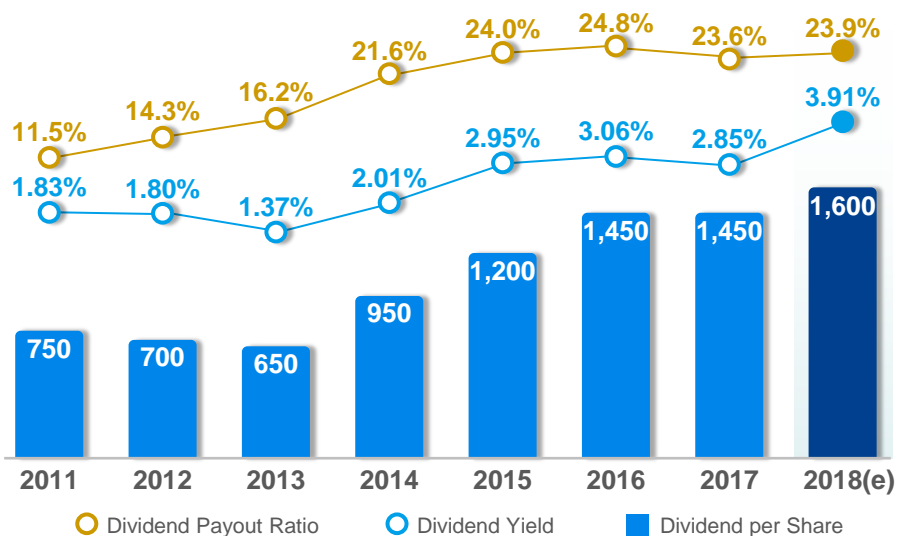
(KRW bil.)	2018.12(e)	2017.12	YTD%	2018.9	QoQ%
Risk-Weighted Assets	172,423	162,875	5.9	170,312	1.2
Capital	27,504	25,391	8.3	27,953	-1.6
CET 1	22,118	20,891	5.9	22,673	-2.5
Tier 1	22,817	21,561	5.8	23,173	-1.5
BIS Ratio	16.0%	15.6%	0.4%p	16.4%	-0.5%p
CET 1	12.8%	12.8%	-	13.3%	-0.5%p
Tier 1	13.2%	13.2%	-	13.6%	-0.4%p

Note) Based on Basel3

Key Financial Indices

Dividend

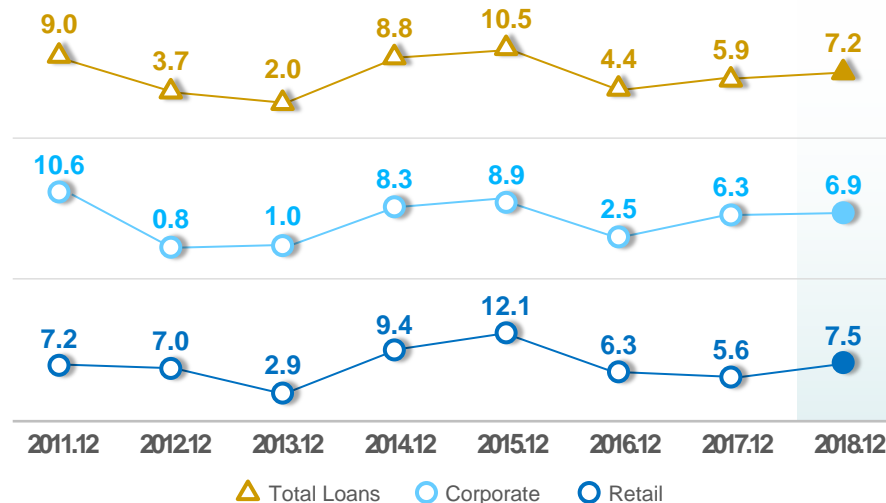
(KRW)



Note) To be approved by upcoming General Shareholders Meeting

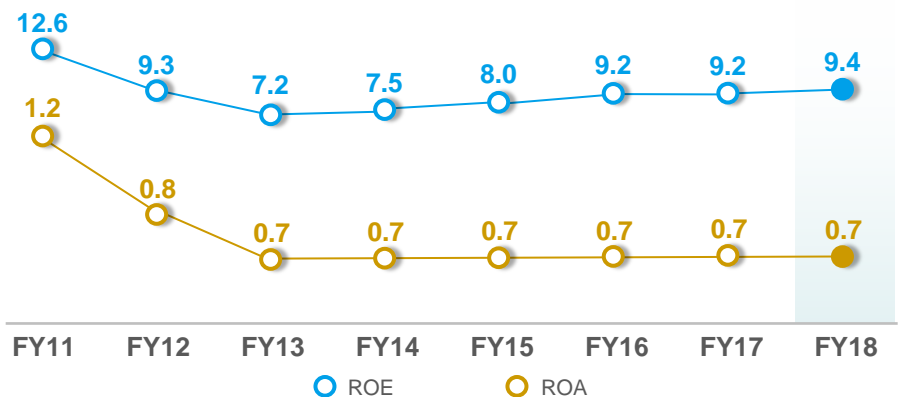
SHB Loan Growth Rate

(%)



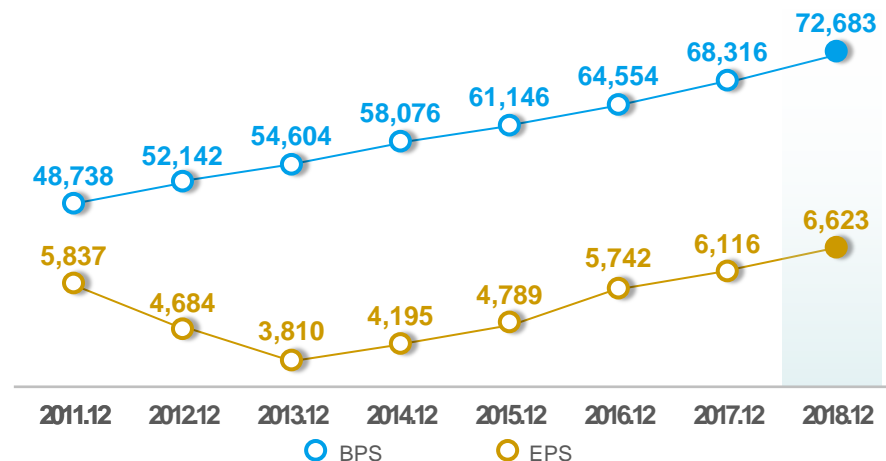
ROA / ROE

(%)



BPS / EPS

(KRW)



Note) Based on common stock

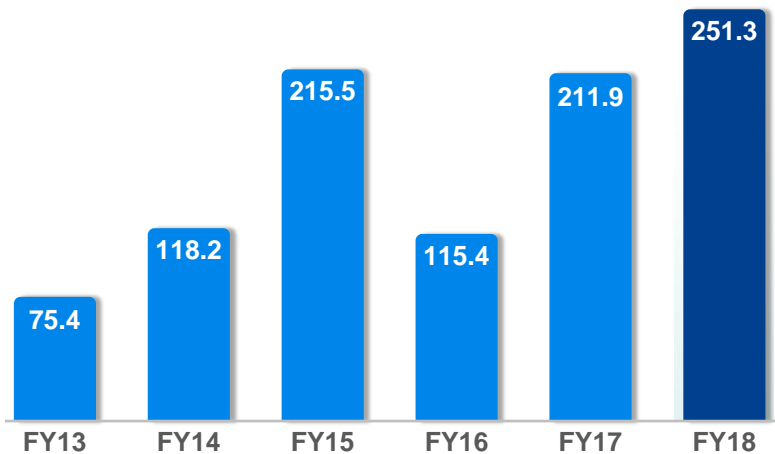
VI. Appendix

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



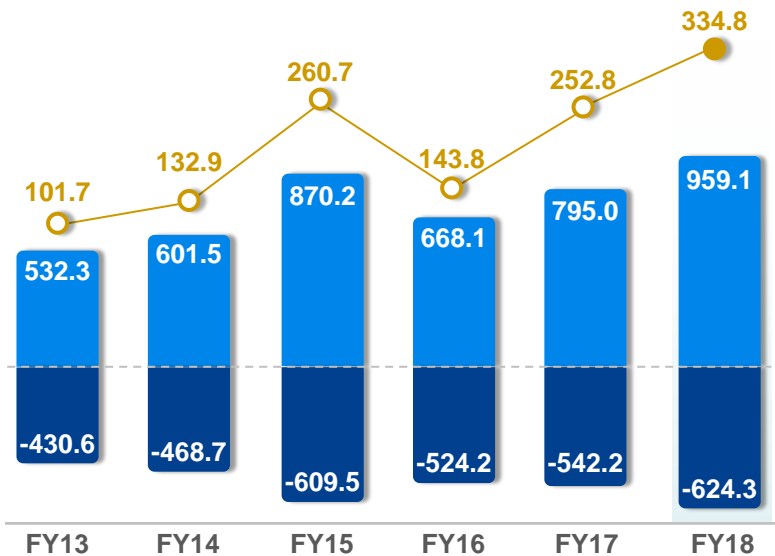
Net Income

(KRW bil.)



Operating Income

(KRW bil.)



○ Operating Income ■ Operating Revenue ■ Operating Expense

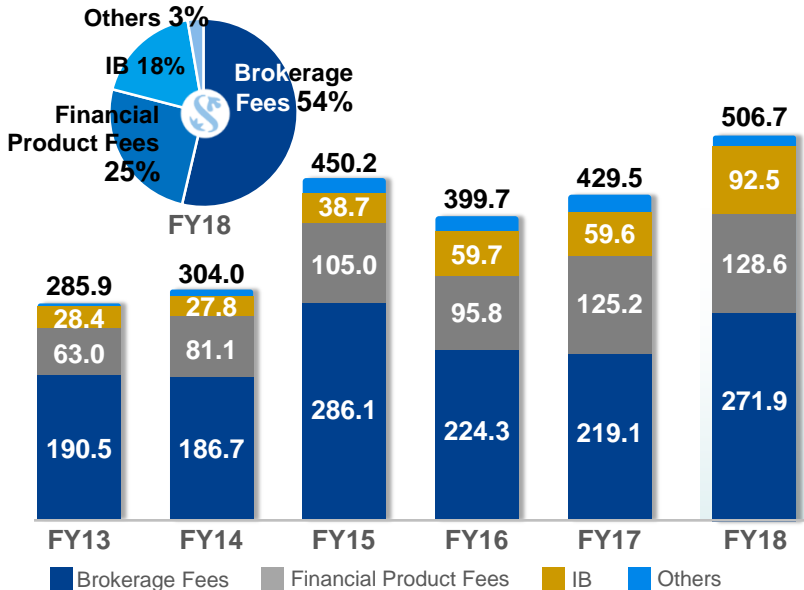
Condensed I/S & Key Financial Indices

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Operating Revenue	959.1	795.0	20.6	208.2	202.1	3.0
Fees & Commission	506.7	429.5	18.0	114.8	116.2	-1.1
Proprietary Trading	321.4	239.3	34.3	60.3	50.9	18.4
Others	131.0	126.3	3.7	33.0	35.0	-5.8
Operating Expense	624.3	542.2	15.1	172.8	141.1	22.5
G&A Expenses	500.3	456.3	9.6	129.3	115.0	12.4
Commission Expense	113.5	81.9	38.6	33.7	28.0	20.2
Provision for Credit Losses	10.5	4.1	158.5	9.9	-2.0	n.a.
Operating Income	334.8	252.8	32.5	35.3	61.1	-42.2
Net Income	251.3	211.9	18.6	21.2	47.3	-55.1
Net Capital Ratio(%)	768%	495%	273%p	768%	609%	158%p
ROE	7.6%	6.7%	0.9%p	7.6%	9.4%	-1.8%p
ROA	0.9%	0.8%	0.1%p	0.9%	1.1%	-0.2%p

Note) ROE, ROA are calculated on a cumulative basis

Fees & Commission

(KRW bil.)

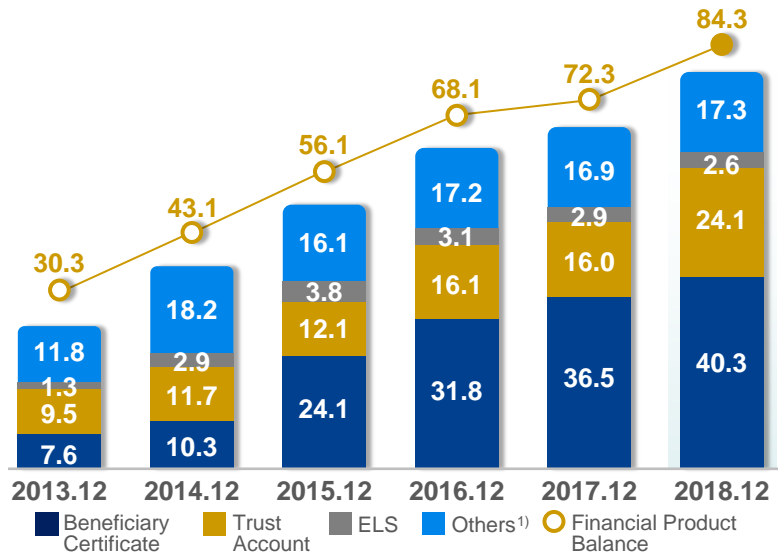


Fees & Commission

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Fees & Commission	506.7	429.5	18.0	114.8	116.2	-1.1
Brokerage Fees	271.9	219.1	24.1	52.1	54.0	-3.6
Financial Product Fees	128.6	125.2	2.7	30.0	30.7	-2.2
IB	92.5	59.6	55.2	29.2	27.4	6.4
Others	13.7	25.6	-46.4	3.5	4.0	-12.0

Financial Products

(KRW tril.)

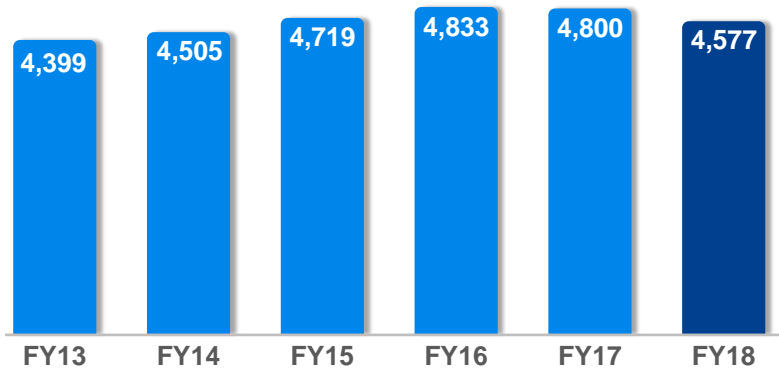


Balance of Financial Products

(KRW tril.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Financial Products	84.3	72.3	16.6	81.0	4.1
Beneficiary Certificate	40.3	36.5	10.4	39.1	3.1
Trust Account	24.1	16.0	50.9	21.5	12.3
ELS	2.6	2.9	-11.6	2.9	-9.2
Others	17.3	16.9	2.4	17.5	-1.4

Note 1) Sum of Wrap, RP and Micro Debentures

Premium Income (KRW bil.)



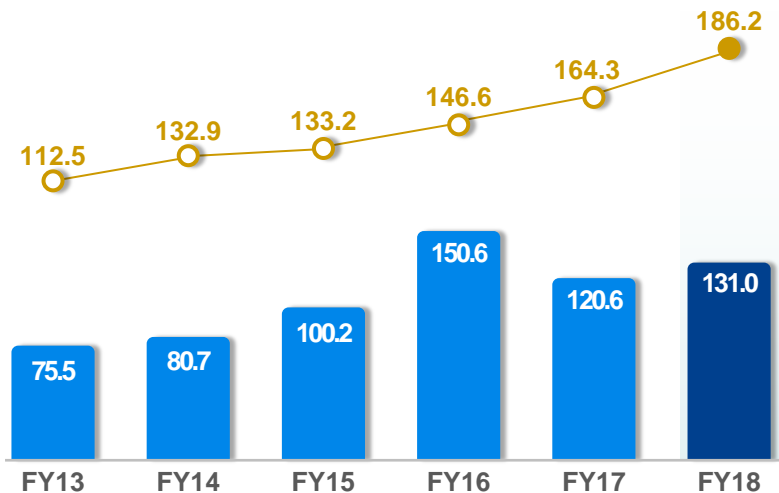
Note) Excluding non-monthly premium and Retirement Pension

Premium Breakdown

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Prem. Received	4,587.8	4,824.6	-4.9	1,122.6	1,136.2	-1.2
New Premium	46.0	71.9	-35.9	8.8	10.3	-14.9
Monthly Premium	35.2	47.6	-26.2	7.9	7.7	2.9
Non-Monthly Premium	10.9	24.2	-55.1	0.9	2.6	-67.0
Recurring Premium	4,541.8	4,752.7	-4.4	1,113.9	1,125.9	-1.1

Note) Excluding Retirement Pension

Net Income (KRW bil.)



 Operating Income  Net Income

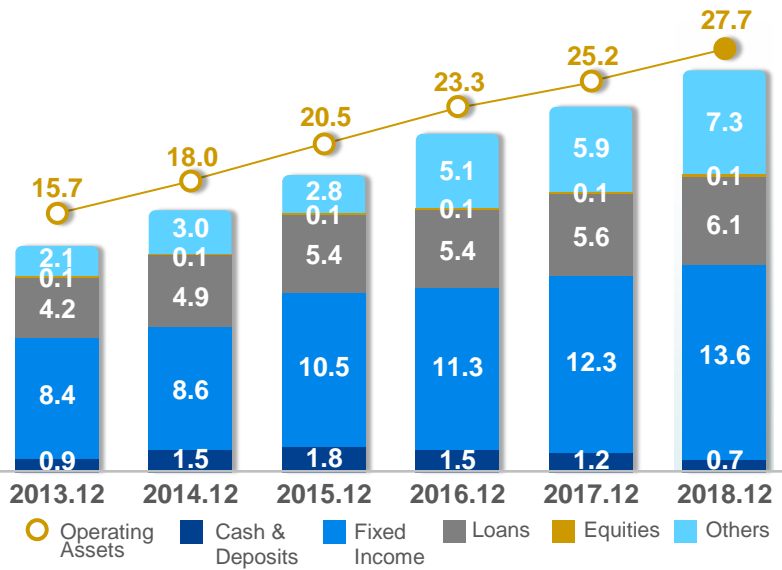
Profitability & Key Financial Indices

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Operating Income	186.2	164.3	13.3	5.0	85.0	-94.1
Net Income	131.0	120.6	8.6	1.8	59.1	-96.9
ROE	7.9%	7.0%	0.9%p	7.9%	10.6%	-2.7%p
ROA	0.4%	0.4%	0.0%p	0.4%	0.6%	-0.2%p

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

Operating Assets

(KRW tril.)

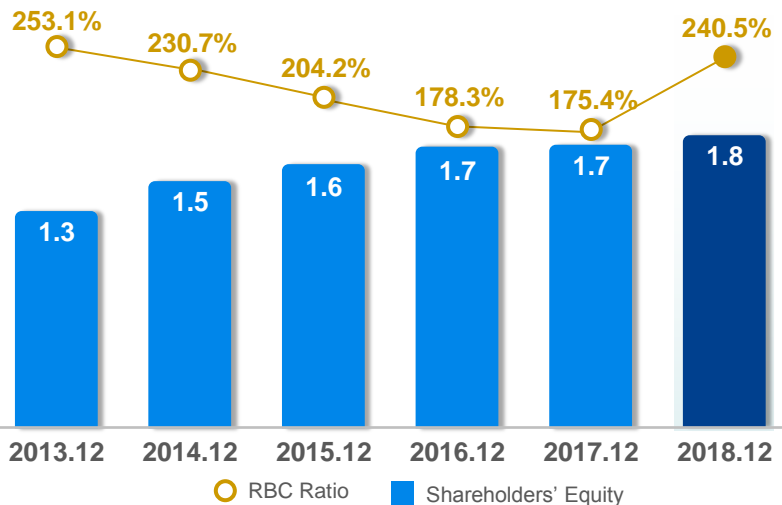


Operating Assets

(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Operating Assets	27,715.6	25,156.9	10.2	26,618.4	4.1
Cash & Deposits	686.8	1,170.6	-41.3	362.7	89.4
Fixed Income	13,580.9	12,344.2	10.0	13,280.8	2.3
Loans	6,136.6	5,643.3	8.7	5,964.2	2.9
Equities	59.9	66.0	-9.2	72.2	-17.0
Others	7,251.3	5,932.9	22.2	6,938.4	4.5

Equity & Capital Adequacy Ratio

(%, KRW tril.)

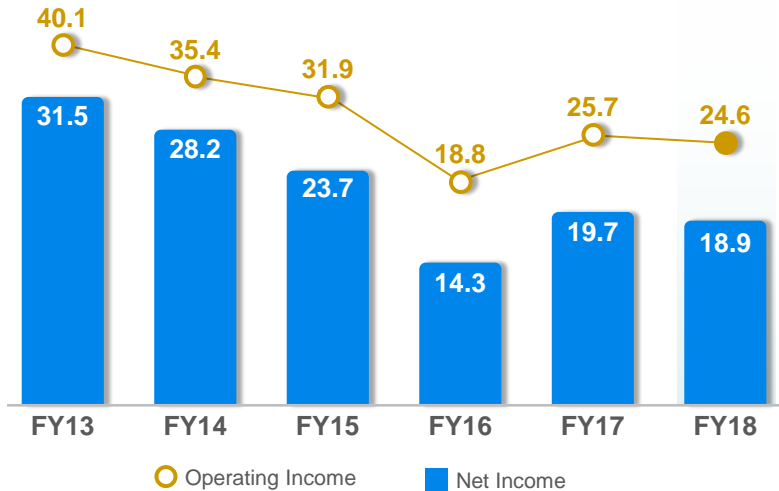


Equity & Capital Adequacy Ratio

(KRW bil.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Shareholders' Equity	1,752.7	1,731.9	1.2	1,671.4	4.9
Capital & Retained Earnings	1,835.6	1,768.0	3.8	1,833.2	0.1
Accumulated Other Comprehensive Income	-82.8	-36.1	129.4	-161.7	-48.8
RBC Ratio	240.5%	175.4%	65.1%p	201.4%	39.1%p

Net Income

(KRW bil.)



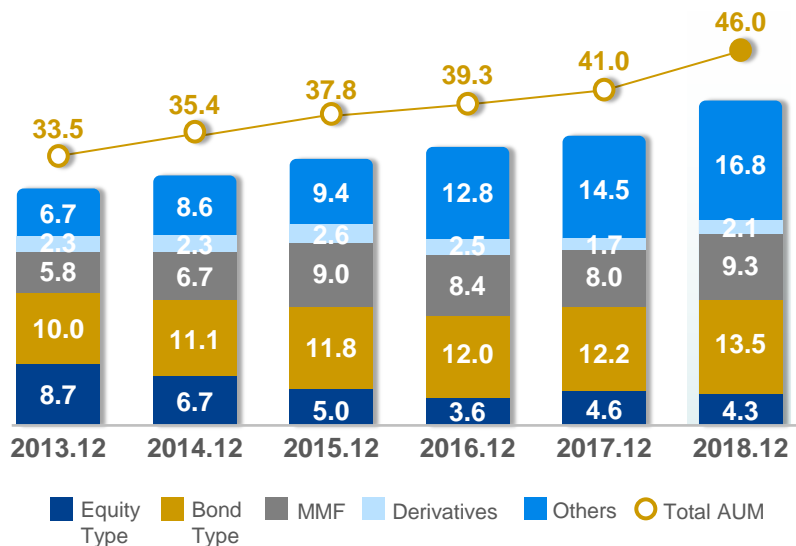
Condensed I/S & Key Financial Indices

(KRW bil.)	FY18	FY17	YoY%	4Q18	3Q18	QoQ%
Operating Revenue	78.4	77.5	1.2	19.1	20.0	-4.4
Operating Expense	53.8	51.8	3.8	13.9	14.1	-1.2
(G&A Expenses)	44.6	42.5	4.8	11.5	11.3	2.3
Operating Income	24.6	25.7	-4.2	5.2	5.9	-12.1
Net Income	18.9	19.7	-4.2	3.9	4.8	-19.1
ROE	12.3%	13.3%	-1.0%p	12.3%	13.2%	-0.9%p

Note) ROE is calculated on a cumulative basis

Assets Under Management

(KRW tril.)



Assets Under Management

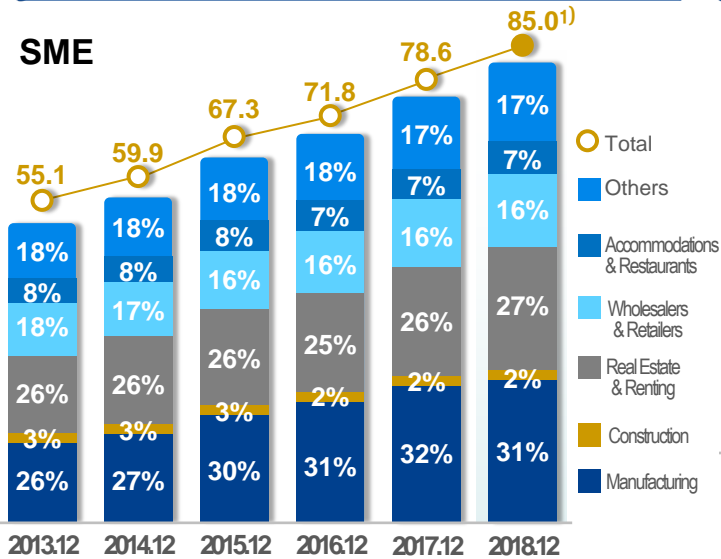
(KRW tril.)	2018.12	2017.12	YTD%	2018.9	QoQ%
Total AUM	46.0	41.0	12.4	45.0	2.3
Equity Type	4.3	4.6	-6.4	4.4	-2.3
Bond Type	13.5	12.2	11.0	13.6	-0.9
MMF	9.3	8.0	15.9	8.8	6.2
Derivatives	2.1	1.7	25.5	1.9	12.0
Others	16.8	14.5	16.1	16.3	2.9

SHB SME Loans

Loans

(KRW tril.)

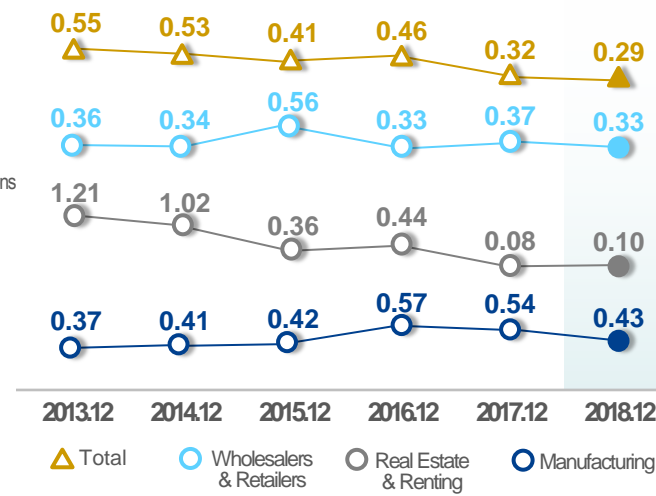
SME



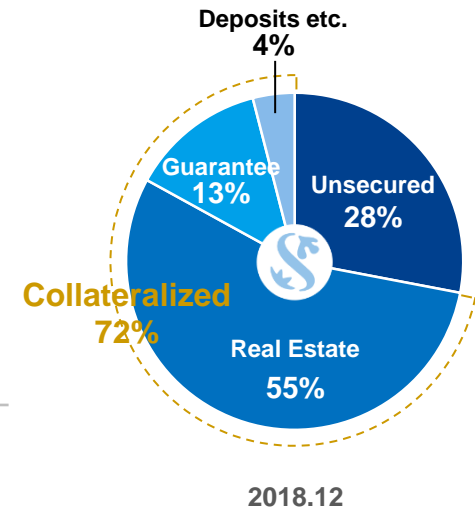
Note 1) SOHO 50%, Registered 19%, Unregistered 31%

Delinquency

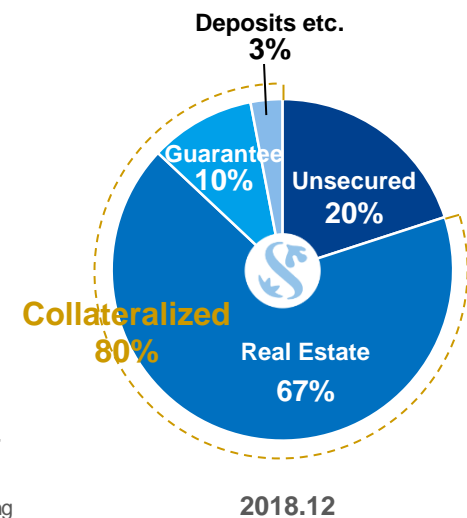
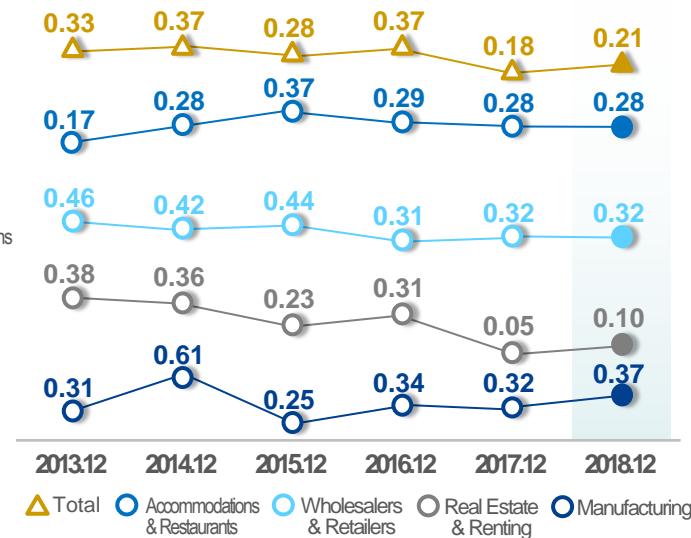
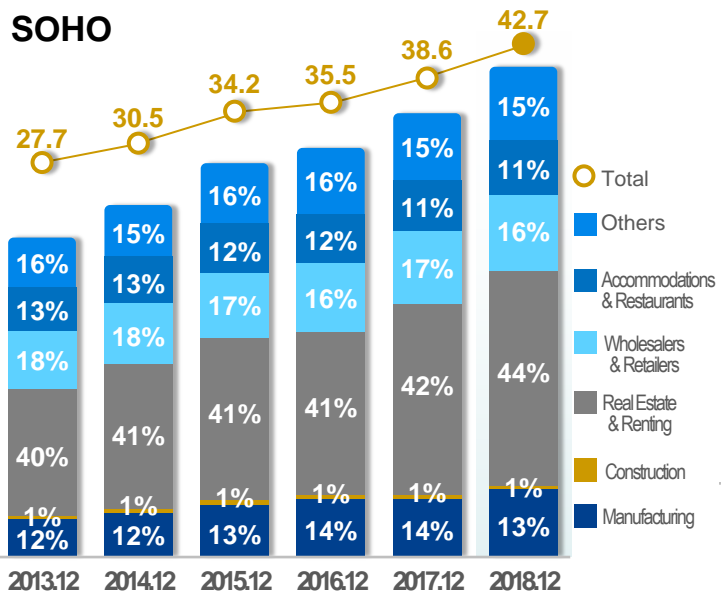
(%)



Collateral

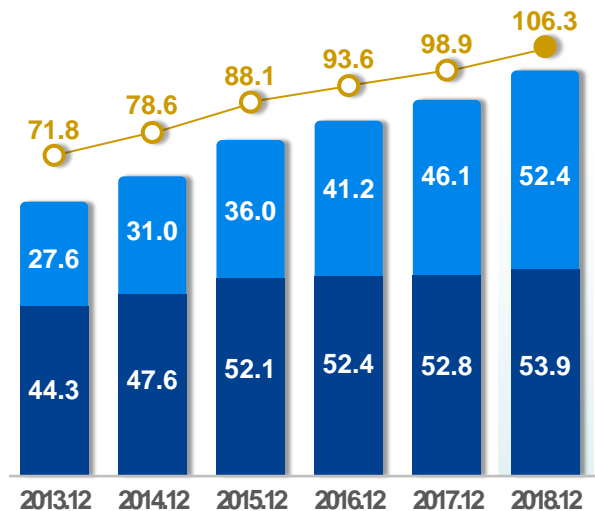


SOHO



Loans

(KRW tril.)

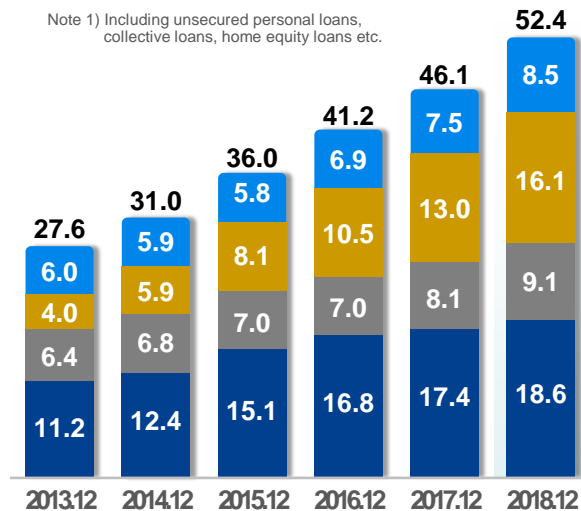


○ Retail Loans ■ Mortgage ■ Personal Loans

Retail Personal Loans

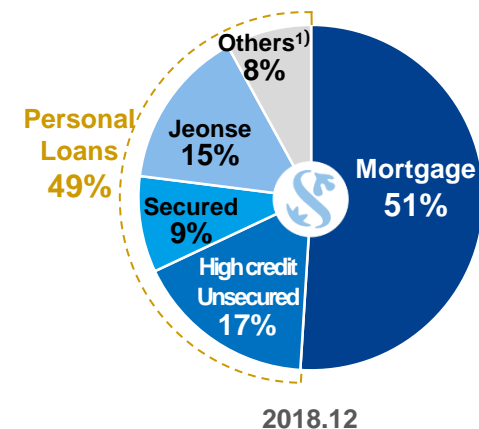
(KRW tril.)

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



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

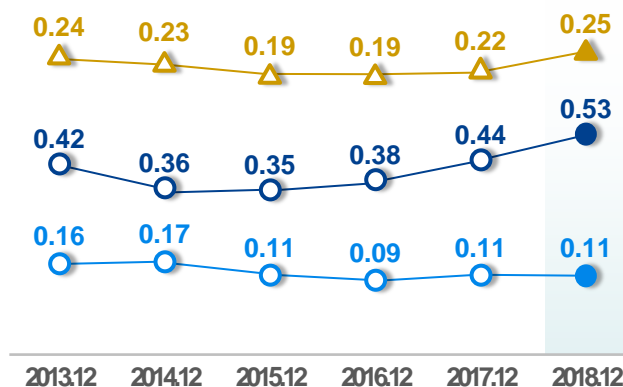
Loan Composition



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

Delinquency

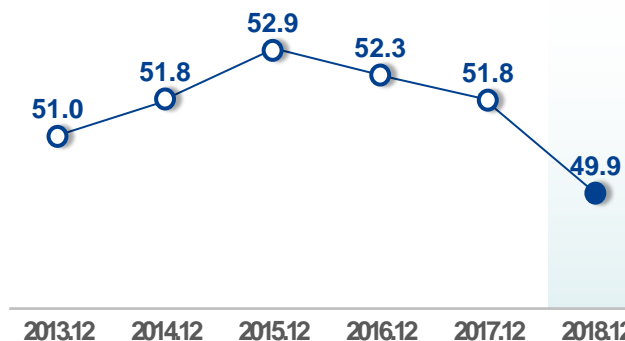
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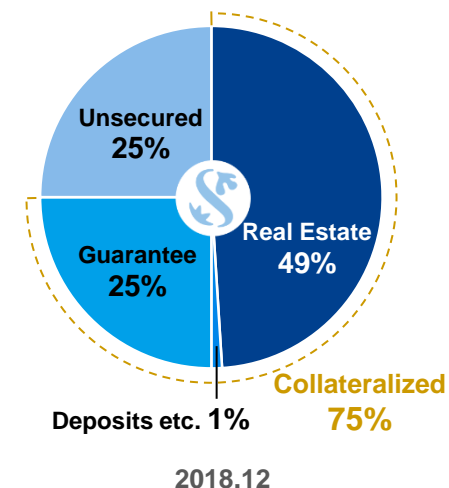
△ Retail Loans ● Personal Loans ● Mortgage

LTV

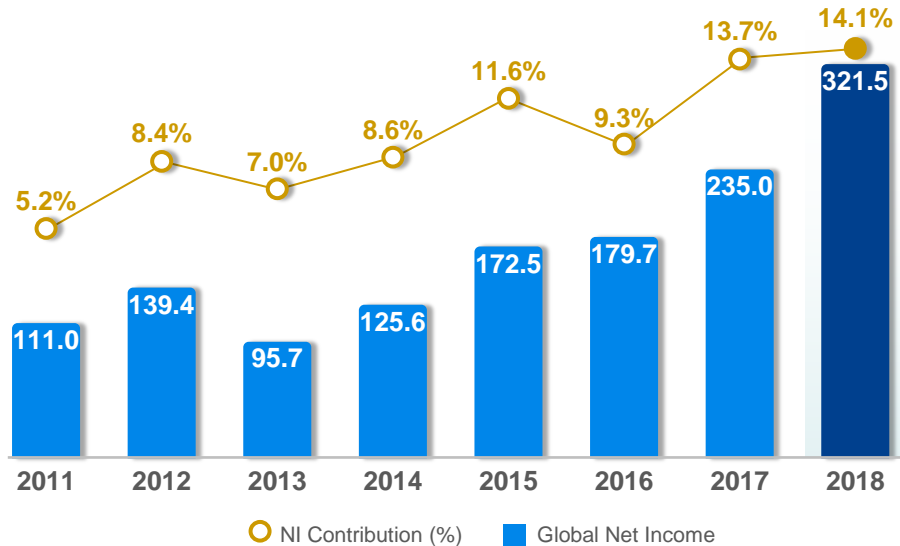
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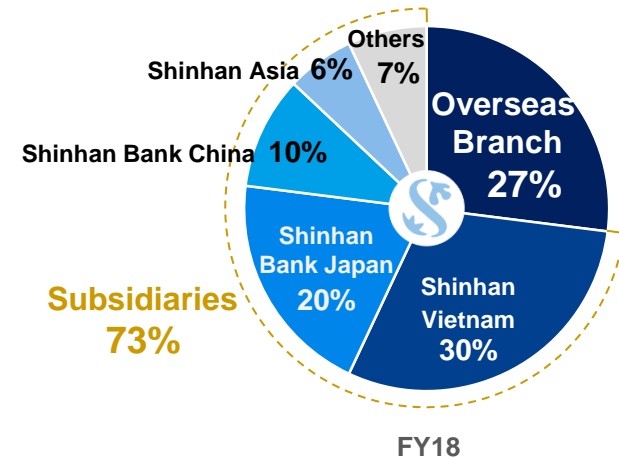
Collateral



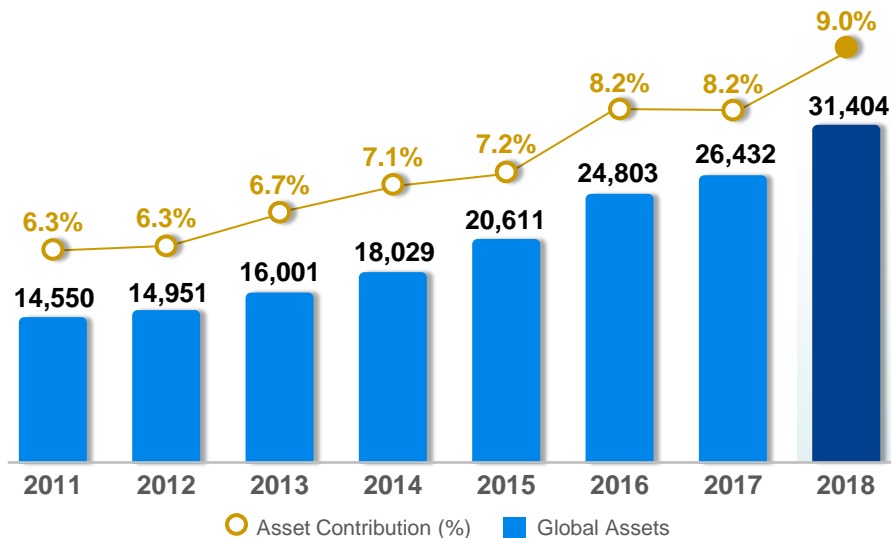
Net Income Contribution by International Business (KRW bil.)



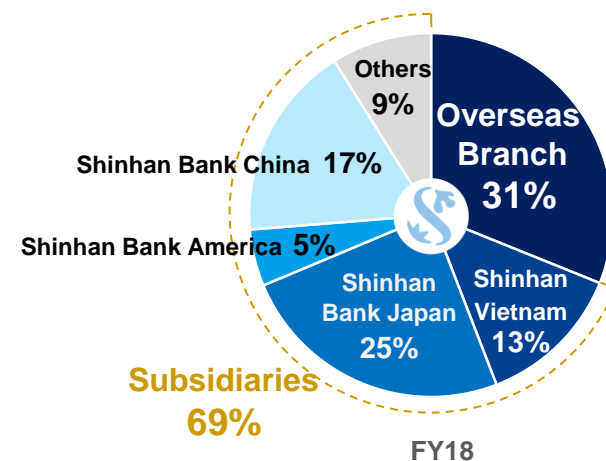
Net Income Composition



Asset Contribution by International Business (KRW bil.)



Asset Composition



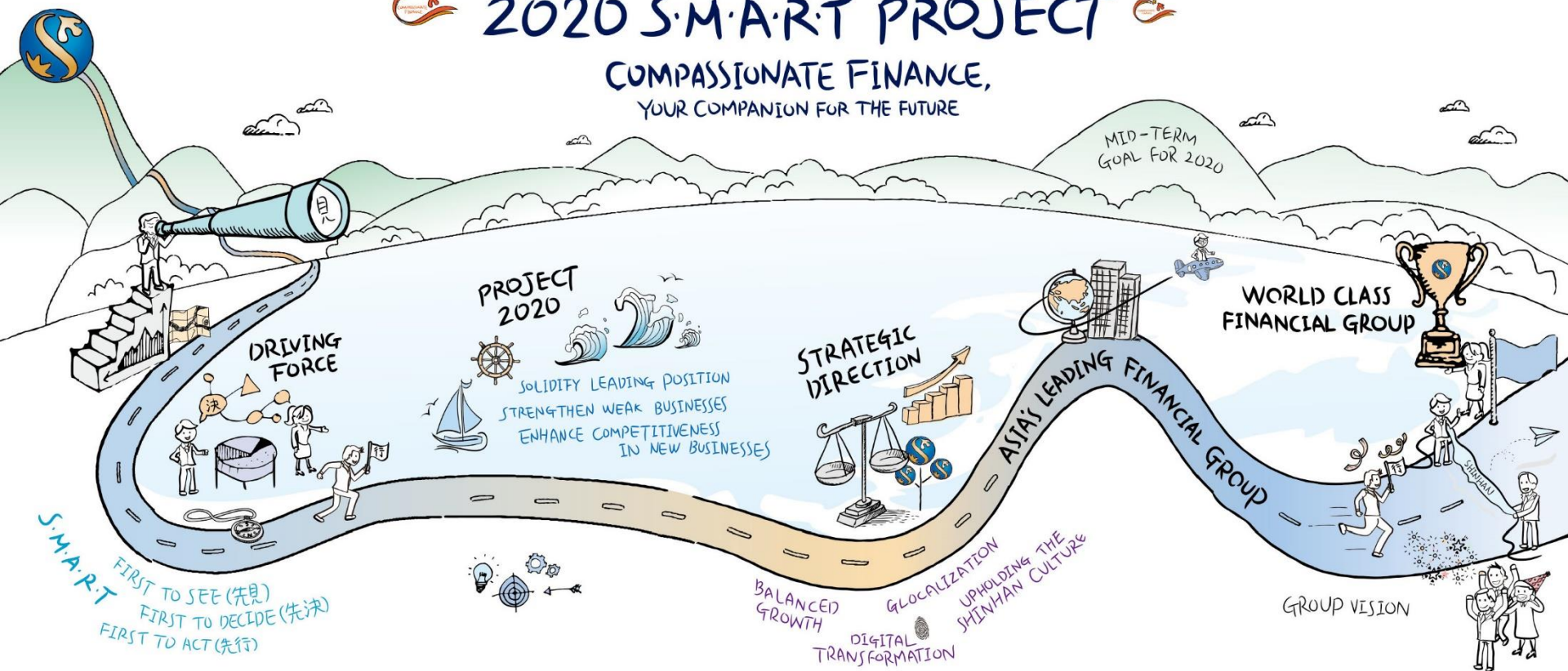
Note) KRW amounts of the net income are converted based on the average FX rates of the fiscal years, and the assets are converted based on the FX rates at the end of the fiscal years



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