

Statement of compliance

We have prepared this unaudited Disclosure Statement of Shinhan Bank, Hong Kong Branch (“the Branch”) as of 30 June 2018. It is compiled according to the Banking (Disclosure) Rules under the Banking Ordinance (Chapter 155M) effective from 1 January 2007.

As the Chief Executive of the Branch, I confirm, to the best of my knowledge, that the information contained in the Disclosure Statement is correctly compiled in accordance with the Banking (Disclosure) Rules requirement and consistent with the books and records of the Branch.

Shinhan Bank, Hong Kong Branch



Chief Executive
Hong Kong
28 September 2018

Shinhan Bank, Hong Kong Branch
Financial Disclosure as of 30 June 2018
(Expressed in Thousand of Hong Kong dollars)

Branch Information (Hong Kong office only)

Profit and loss information

| Income | <u>Jun 2018</u> | <u>Jun 2017</u> |
|--|-----------------|-----------------|
| Interest income | 269,649 | 152,916 |
| Interest expense | 207,669 | 101,088 |
| Net interest income | <u>61,980</u> | <u>51,828</u> |
| Other operating income | | |
| - Gains less losses from trading in foreign currencies | 14,781 | 2,740 |
| - Gains less losses from non-trading activities in foreign currencies | 1,802 | 1,361 |
| - Gains less losses from trading in securities | - | - |
| - Gains less losses from non-trading activities in securities ^{Note} | 1,068 | 5,064 |
| - Gains less losses from other trading activities ^{Note} | - | - |
| | <u>17,651</u> | <u>9,165</u> |
| Net fee and commission income | | |
| - Fee and commission income | 24,044 | 17,763 |
| - Fee and commission expense | (1,311) | (1,094) |
| | <u>22,733</u> | <u>16,669</u> |
| Other income | 99 | 1,175 |
| Total operating income | <u>102,463</u> | <u>78,837</u> |
| Expenses | | |
| Operating expenses | | |
| - Staff expenses | 5,992 | 5,824 |
| - Rental expenses | 2,678 | 2,677 |
| - Other operating expenses | 1,731 | 1,405 |
| Total Operating expenses | <u>10,401</u> | <u>9,906</u> |
| Operating profit before impairment losses | 92,062 | 68,931 |
| Impairment losses and charges for allowances on impaired loans and receivables | | |
| - Collective impairment allowances | (8,722) | (1,963) |
| - Individual impairment allowances | - | - |
| | <u>(8,722)</u> | <u>(1,963)</u> |
| Gains less losses from the disposal of property, plant and equipment and investment properties | - | - |
| Profit before taxation | <u>100,784</u> | <u>70,894</u> |
| Tax expense | <u>11,442</u> | <u>9,296</u> |
| Profit after taxation | <u>89,342</u> | <u>61,598</u> |

Note : including gains less losses from changes of fair value of derivative instruments

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Balance sheet information

| Assets | At 30 Jun 2018 | At 31 Dec 2017 |
|--|--------------------------|--------------------------|
| Cash and balances with banks | 2,969,431 | 1,215,305 |
| Placements with banks which have a residual contractual maturity | | |
| not more than 1 month | 2,983,741 | 707,213 |
| more than 1 month but not more than 1 year | 1,114,388 | 508,092 |
| more than 1 year | - | - |
| | <u>4,098,129</u> | <u>1,215,305</u> |
| Amount due from overseas offices of Shinhan Bank | 1,130,372 | 433,058 |
| Trade bills | 5,915,175 | 7,248,681 |
| Advances and other accounts | | |
| - Advances to customers | 6,521,803 | 5,415,030 |
| - Advances to banks and other financial institutions | - | - |
| - Accrued interest and other accounts | 84,761 | 58,258 |
| - Collective allowances for impaired advances to customers | (27,381) | (22,571) |
| - Collective allowances for impaired advances to banks | - | - |
| - Individual allowances for impaired advances to customers | - | - |
| - Individual allowances for impaired advances to banks | - | - |
| | <u>6,579,183</u> | <u>5,450,717</u> |
| Investment Securities | | |
| - Available-for-sale securities | 3,519,581 | 3,485,257 |
| | <u>3,519,581</u> | <u>3,485,257</u> |
| Property, plant and equipment and investment properties | 294 | 179 |
| Other assets | 42,774 | 11,599 |
| Total assets | <u>20,156,810</u> | <u>17,844,796</u> |
| Liabilities | | |
| Deposits and balances from banks | 3,166,278 | 2,147,674 |
| Deposits from customers | | |
| - Demand deposits and current accounts | 14,739 | 97,736 |
| - Savings deposits | 679,877 | 558,608 |
| - Time, call and notice deposits | 805,389 | 865,986 |
| | <u>1,500,005</u> | <u>1,522,330</u> |
| Amount due to overseas offices of Shinhan Bank | 4,645,898 | 4,097,505 |
| Certificates of deposit issued | 2,778,121 | 3,580,094 |
| Issued debt securities | 7,745,779 | 7,816,800 |
| Other liabilities | 320,729 | 202,723 |
| Provisions | - | - |
| Total liabilities | <u>20,156,810</u> | <u>17,844,796</u> |

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I Additional Balance Sheet Information

| (a) Loans and receivables | At 30 Jun 2018 | At 31 Dec 2017 |
|--|-----------------------|-----------------------|
| Advances to customers | 6,521,803 | 5,415,030 |
| Advances to banks | - | - |
| Accrued interest and other accounts | 84,761 | 58,258 |
| Impairment allowances for impaired advances | | |
| - Collective allowances for impaired advances to customers | (27,381) | (22,571) |
| - Collective allowances for impaired advances to banks | - | - |
| - Individual allowances for impaired advances to customers | - | - |
| - Individual allowances for impaired advances to banks | - | - |
| | <u>6,579,183</u> | <u>5,450,717</u> |

| As at 30 Jun 2018 | Gross amount | Impairment allowances (individually) | Market Value of collateral held | % to total loans and advances to customers |
|--|---------------------|---|--|---|
| Impaired loans and advances to customers (individually determined) | - | - | - | 0.00% |

| | Gross amount | Impairment allowances (individually) | Market Value of collateral held | % to total loans and advances to banks |
|--|---------------------|---|--|---|
| Impaired loans and advances to banks (individually determined) | - | - | - | - |

| As at 31 Dec 2017 | Gross amount | Impairment allowances (individually) | Market Value of collateral held | % to total loans and advances to customers |
|--|---------------------|---|--|---|
| Impaired loans and advances to customers (individually determined) | - | - | - | 0.00% |

| | Gross amount | Impairment allowances (individually) | Market Value of collateral held | % to total loans and advances to banks |
|--|---------------------|---|--|---|
| Impaired loans and advances to banks (individually determined) | - | - | - | - |

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I Additional Balance Sheet Information (continued)

(b) Overdue and rescheduled assets

| | <u>At 30 Jun 2018</u> | | <u>At 31 Dec 2017</u> | |
|--|-----------------------|---|-----------------------|---|
| Overdue advances | | | | |
| Advances to customers overdue for | Gross amount | % to total advances to customers | Gross amount | % to total advances to customers |
| - not more than 3 months | - | - | - | - |
| - more than 3 months but not more than 6 months | - | - | - | - |
| - more than 6 months but not more than 1 year | - | - | - | - |
| - more than 1 year | - | - | - | - |
| Total overdue advances | - | - | - | - |
| Advances to banks overdue for | Gross amount | % to total advances to banks | Gross amount | % to total advances to banks |
| - not more than 3 months | - | - | - | - |
| - more than 3 months but not more than 6 months | - | - | - | - |
| - more than 6 months but not more than 1 year | - | - | - | - |
| - more than 1 year | - | - | - | - |
| Total overdue advances | - | - | - | - |
| Market value of collateral held against the secured overdue advances | | Gross amount | | Gross amount |
| | | - | | - |
| Secured overdue advances | | - | | - |
| Unsecured overdue advances | | - | | - |
| | | - | | - |
| Specific provision made on overdue advances | | - | | - |
| | | - | | - |
| Rescheduled advances | | | | |
| Rescheduled advances to customers | Gross amount | % to total advances to customers | Gross amount | % to total advances to customers |
| | - | - | - | - |
| Rescheduled advances to banks | Gross amount | % to total advances to banks | Gross amount | % to total advances to banks |
| | - | - | - | - |

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(Expressed in Thousand of Hong Kong dollars)

I Additional Balance Sheet Information (continued)

(b) Overdue and rescheduled assets (continued)

| | At 30 Jun 2018 | | At 31 Dec 2017 | |
|---|----------------|-------------------------|----------------|-------------------------|
| | Gross amount | % to total other assets | Gross amount | % to total other assets |
| Other overdue assets | | | | |
| Other assets overdue for | | | | |
| - not more than 3 months | - | - | - | - |
| - more than 3 months but not more than 6 months | - | - | - | - |
| - more than 6 months but not more than 1 year | - | - | - | - |
| - more than 1 year | - | - | - | - |
| Total other overdue assets | - | - | - | - |
| Repossessed assets | | | | |
| Repossessed assets held | | Gross amount | | Gross amount |
| | | - | | - |

(c) The breakdown of the gross amount of loans and advances to customers by industry categories

| As at 30 Jun 2018 | Gross advances | Extent advances are covered by collateral or other security |
|---|----------------|---|
| Loans and advances for use in Hong Kong | | |
| Industrial, commercial and financial | | |
| - Property development | - | - |
| - Property investment | - | - |
| - Civil engineering works | 32,500 | 36,000 |
| - Financial concerns | 301,956 | 156,192 |
| - Stockbrokers | - | - |
| - Wholesale and retail trade | 1,073,518 | 702,906 |
| - Manufacturing | 96,507 | 89,857 |
| - Transport and transport equipment | 125,565 | 23,543 |
| - Recreational activities | 115,381 | 95,381 |
| - Information technology | 77,826 | 78,478 |
| - Others | - | - |
| Sub-total | 1,823,253 | 1,182,357 |
| Individuals | | |
| - Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes | - | - |
| - Loans for the purchase of other residential properties | - | - |
| - Credit card advances | - | - |
| - Others | - | - |
| Sub-total | - | - |
| Total loans and advances for use in Hong Kong | 1,823,253 | 1,182,357 |
| Trade finance | - | - |
| Loans and advances for use outside Hong Kong | 4,698,550 | 1,344,631 |
| | 6,521,803 | 2,526,988 |

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I Additional Balance Sheet Information (continued)

(c) The breakdown of the gross amount of loans and advances to customers by industry categories (continued)

As at 31 Dec 2017

| | <u>Gross advances</u> | <u>Extent advances are covered by collateral or other security</u> |
|---|-----------------------|--|
| Loans and advances for use in Hong Kong | | |
| Industrial, commercial and financial | | |
| - Property development | - | - |
| - Property investment | - | - |
| - Civil engineering works | 51,154 | 12,000 |
| - Financial concerns | - | - |
| - Stockbrokers | - | - |
| - Wholesale and retail trade | 887,278 | 494,480 |
| - Manufacturing | 244,068 | 45,337 |
| - Transport and transport equipment | 117,252 | 23,450 |
| - Recreational activities | 27,817 | - |
| - Information technology | 36,988 | - |
| - Others | 23,450 | - |
| Sub-total | <u>1,388,007</u> | <u>575,267</u> |
| Individuals | | |
| - Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes | - | - |
| - Loans for the purchase of other residential properties | - | - |
| - Credit card advances | - | - |
| - Others | - | - |
| Sub-total | <u>-</u> | <u>-</u> |
| Total loans and advances for use in Hong Kong | <u>1,388,007</u> | <u>575,267</u> |
| Trade finance | - | - |
| Loans and advances for use outside Hong Kong | <u>4,027,023</u> | <u>1,907,196</u> |
| | <u>5,415,030</u> | <u>2,482,463</u> |

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I Additional Balance Sheet Information (continued)

(d) Analysis of gross loans and advances to customer by geographical areas

| As at 30 Jun 2018 | Gross loans and advances | Overdue loans and advances to customers | Impaired loans (individually determined) | Collectively assessed impairment allowances |
|------------------------------|-------------------------------------|--|---|--|
| - Asia & Pacific of which | 6,133,798 | - | - | 21,011 |
| - China | 3,108,611 | - | - | 8,273 |
| - Hong Kong | 1,823,253 | - | - | 5,719 |
| - South Korea | 357,783 | - | - | 128 |
| - Vietnam | 378,452 | - | - | 6,505 |
| - Caribbean of which | 38,785 | - | - | 210 |
| - Panama | 38,785 | - | - | 210 |
| - North America of which | - | - | - | - |
| - United States | - | - | - | - |
| - Others | 349,220 | - | - | - |
| Total | 6,521,803 | - | - | 21,221 |

| As at 31 Dec 2017 | Gross loans and advances | Overdue loans and advances to customers | Impaired loans (individually determined) | Collectively assessed impairment allowances |
|------------------------------|-------------------------------------|--|---|--|
| - Asia & Pacific of which | 5,020,749 | - | - | 14,731 |
| - China | 2,473,425 | - | - | 8,180 |
| - Hong Kong | 1,388,007 | - | - | 4,939 |
| - South Korea | 232,768 | - | - | 18 |
| - Vietnam | 685,705 | - | - | 1,305 |
| - Caribbean of which | 10,854 | - | - | 310 |
| - Panama | 10,854 | - | - | 310 |
| - Middle East of which | - | - | - | - |
| - Saudi Arabia | - | - | - | - |
| - Others | 383,427 | - | - | 121 |
| Total | 5,415,030 | - | - | 15,162 |

Note: Classification of gross amount of loans and advances to customers by countries or geographical areas constitutes 10% or more of the relevant disclosure amount. The analysis is based on the location of the counterparty.

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I Additional Balance Sheet Information *(continued)*

(e) Non-bank Mainland China exposures

| As at 30 Jun 2018 | | | |
|--|--|---|------------------|
| Types of counterparties | On-balance sheet exposure | Off-balance sheet exposure | Total |
| 1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs) | - | - | - |
| 2. Local governments, local government-owned entities and their subsidiaries and JVs | 227,115 | - | 227,115 |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 1,577,191 | - | 1,577,191 |
| 4. Other entities of central government not reported in item 1 above | - | - | - |
| 5. Other entities of local governments not reported in item 2 above | - | - | - |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | - | - | - |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | 1,801,988 | 708,742 | 2,510,730 |
| Total | 3,606,294 | 708,742 | 4,315,036 |
| Total assets after provision | 20,156,810 | | |
| On-balance sheet exposures as percentage of total assets | 17.89% | | |

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I Additional Balance Sheet Information (continued)

(e) Non-bank Mainland China exposures

| As at 31 Dec 2017 | | | |
|--|---------------------------------|----------------------------------|------------------|
| Types of counterparties | On-balance sheet exposure | Off-balance sheet exposure | Total |
| 1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs) | - | - | - |
| 2. Local governments, local government-owned entities and their subsidiaries and JVs | - | - | - |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 1,235,824 | - | 1,235,824 |
| 4. Other entities of central government not reported in item 1 above | - | - | - |
| 5. Other entities of local governments not reported in item 2 above | - | - | - |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | - | - | - |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | 1,398,673 | 636,543 | 2,035,216 |
| Total | <u>2,634,497</u> | <u>636,543</u> | <u>3,271,040</u> |
| Total assets after provision | <u>17,844,796</u> | | |
| On-balance sheet exposures as percentage of total assets | <u>14.76%</u> | | |

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II Cross-border claims (excluding claims from Head Office, branches and subsidiaries) by geographical areas after taking into consideration of transfer of risks

Cross-border claims are on-balance sheet exposures to counterparties after taking into account the transfer of risk.

| As at 30 Jun 2018 | Banks and others financial institutions | Public sector entities | Others | Total |
|---|--|-----------------------------------|------------------|-------------------|
| - Asia & Pacific excluding Hong Kong | | | | |
| of which | 4,012,977 | - | 4,130,981 | 8,143,958 |
| - China | | - | 1,817,933 | 1,817,933 |
| - South Korea | 1,130,406 | - | 1,468,897 | 2,599,303 |
| - Vietnam | 239,763 | - | 378,452 | 618,215 |
| - North America | 84,589 | - | - | 84,589 |
| - Middle East | 235,434 | - | - | 235,434 |
| - Caribbean | - | - | 38,785 | 38,785 |
| - Western Europe | 455,330 | - | 32,500 | 487,830 |
| | <u>4,788,330</u> | <u>-</u> | <u>4,202,266</u> | <u>8,990,596</u> |
| | | | | |
| As at 31 Dec 2017 | Banks and others financial institutions | Public sector entities | Others | Total |
| - Asia & Pacific excluding Hong Kong | | | | |
| of which | 10,090,936 | - | 5,088,645 | 15,179,581 |
| - China | 2,602,220 | - | 2,565,594 | 5,167,814 |
| - South Korea | 7,260,158 | - | 1,437,600 | 8,697,758 |
| - Vietnam | | - | 685,705 | 685,705 |
| - North America | 319,729 | - | - | 319,729 |
| - Middle East | - | - | - | - |
| - Caribbean | - | - | 68,635 | 68,635 |
| - Western Europe | 35,448 | - | - | 35,448 |
| | <u>10,446,113</u> | <u>-</u> | <u>5,157,280</u> | <u>15,603,393</u> |

Note: Amounts represent cross-border claims based on countries or geographical classification and constitutes 10% or more of the total amount. Claims arising between branches and subsidiaries are excluded.

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(Expressed in Million Hong Kong dollars)

III Currency risk

| As at 30 Jun 2018 | HK\$ Million Equivalent | | | Total |
|---------------------------------|--------------------------------|-------------------------|------------|--------------|
| | US Dollar | JPY & Others | CNY | |
| Spot assets | 18,537 | 275 | 9 | 18,821 |
| Spot liabilities | (19,710) | (5) | (9) | (19,724) |
| Forward purchases | 1,349 | - | - | 1,349 |
| Forward sales | (175) | (270) | - | (445) |
| Net option position | - | - | - | - |
| Net long / (net short) position | <u>1</u> | <u>-</u> | <u>-</u> | <u>1</u> |
| Structural position | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| As at 31 Dec 2017 | HK\$ Million Equivalent | | | Total |
|---------------------------------|--------------------------------|-------------------------|------------|--------------|
| | US Dollar | JPY & Others | CNY | |
| Spot assets | 16,926 | 274 | 8 | 17,208 |
| Spot liabilities | (17,539) | (31) | (8) | (17,578) |
| Forward purchases | 611 | - | - | 611 |
| Forward sales | - | (243) | - | (243) |
| Net option position | - | - | - | - |
| Net long / (net short) position | <u>(2)</u> | <u>-</u> | <u>-</u> | <u>(2)</u> |
| Structural position | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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IV Off-balance sheet exposures

(a) The contractual or notional amounts of each of the following class of off-balance sheet exposures outstanding are:

| | <u>At 30 Jun 2018</u> | <u>At 31 Dec 2017</u> |
|---|-----------------------|-----------------------|
| Contingent liabilities and commitments | | |
| - Direct credit substitutes | - | - |
| - Transaction-related contingencies | 818,115 | 960,775 |
| - Trade-related contingencies | 1,036,513 | 471,278 |
| - Note issuance and revolving underwriting facilities | - | - |
| - Other commitments | 1,059,009 | 1,294,173 |

Contingent liabilities and commitments arises from credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contract amounts represent the amounts at risk should the contract be fully drawn upon and the customers default. As the facilities may expire without being drawn upon, the contracts amounts do not represent expected future cash flows.

| | <u>At 30 Jun 2018</u> | <u>At 31 Dec 2017</u> |
|---|-----------------------|-----------------------|
| Derivative transactions | | |
| - Exchange rate-related derivative contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements) | 3,088,192 | 1,223,717 |
| - Interest rate derivative contracts | - | - |
| - Others | - | - |

The above derivative contracts amounts are the notional amount of the contract, they do not represent amounts at risk. All the derivative contracts held by the Branch are to offset gains/losses on fixed rate bonds and loans.

| (b) The total fair value of the above derivative transactions | <u>At 30 Jun 2018</u> | <u>At 31 Dec 2017</u> |
|---|-----------------------|-----------------------|
| - Exchange rate-related derivative contracts | 31,571 | 1,852 |
| - Interest rate derivative contracts | - | - |

No bilateral netting arrangements for above derivative transactions.

V Liquidity

| | <u>2nd Quarter 30 Jun 2018</u> | <u>1st Quarter 31 Mar 2018</u> | <u>1st Half 30 Jun 2017</u> |
|--|------------------------------------|------------------------------------|---------------------------------|
| The average liquidity ratio for the period | 297.94% | 141.52% | 308.03% |

The liquidity maintenance ratio (LMR) is calculated in accordance with the Banking (Liquidity) Rules effective from 01 January 2015.

The average liquidity maintenance ratio is the arithmetic mean of each calendar month's average LMR as reported in the "Return of Liquidity Position of an Authorized Institution".

Liquidity Risk Management

The Branch has established a Liquidity Risk Management Policy which is reviewed and approved by the senior management. This policy requires the Branch to maintain a conservative level of liquid funds on a daily basis to meet all financial obligations, and setup the action plan on liquidity contingency.

The liquidity position is monitored through statutory liquidity ratios, cash flow analysis, and inter-bank transactions undertaken by our Branch. The Branch also perform the testing on various type of stress scenarios on monthly basis according to our Liquidity Stress Testing Policy.

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VI Bank information (Consolidated basis)

The following table shows the consolidated capital adequacy ratio and the amount of shareholders' funds of Shinhan Financial Group. The basis of preparation is in accordance with the Korean-International Financial Reporting Standards.

| | <u>30 Jun 2018</u> | <u>31 Dec 2017</u> |
|---|--------------------|--------------------|
| (a) Capital and Capital Adequacy | | |
| (i) Capital adequacy ratio | 14.90% | 14.70% |
| (ii) Total share capital | 18,528,908 | 19,314,005 |
| (iii) Total amount of shareholder funds | 240,267,793 | 246,115,633 |
| | | |
| (b) Other Financial Information | | |
| (i) Total assets | 3,049,431,620 | 2,868,041,281 |
| (ii) Total liabilities | 2,818,680,187 | 2,641,301,938 |
| (iii) Total loans and advances | 1,937,037,850 | 1,853,913,926 |
| (iv) Total deposits | 1,748,594,295 | 1,678,008,773 |
| | | |
| | <u>30 Jun 2018</u> | <u>31 Dec 2017</u> |
| (v) Pre-tax profit | 16,838,025 | 25,539,942 |

- 1 Shareholders' fund is the sum total of capital and reserves.
- 2 Total liabilities are equal to total assets minus shareholders' fund.
- 3 The conversion rate of HKD/KRW as at 30 June 2018 is 142.75277.
- 4 The consolidated capital adequacy ratio was calculated in accordance with the Korean-International Financial Reporting Standards adopting Basel III approach.

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VII Disclosure on Remuneration for CG-5 Guideline on a Sound Remuneration System issued by the HKMA

Pursuant to section 3 of CG-5 Guideline on a Sound Remuneration System issued by the HKMA, the following disclosures are made:

a) The design and implementation of the remuneration systems:

The Bank adopts the remuneration policy and systems which are established by the Remuneration Committee of our Head Office for overseas branch. The objective of the remuneration policy is to attract, motivate reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

The Remuneration Committee reviews the performance of management and directors over the past fiscal year and settles on remuneration that is proportionate to the individual's responsibilities. It also make sure that the remuneration is on a proper level that improves the long-term interests of the Group and its shareholders.

b) Aggregate quantitative information on remuneration for senior management and key personnel (Note 1) are as follows:

As at 30 Jun 2018

| | <u>Amount</u> | <u>Number of Beneficiaries</u> |
|-------------------------|---------------|--------------------------------|
| - Fixed Remuneration | 3,394 | 7 |
| - Variable Remuneration | 300 | - |
| - Deferred Remuneration | - | - |
| Total | <u>3,694</u> | <u>7</u> |

As at 31 Dec 2017

| | <u>Amount</u> | <u>Number of Beneficiaries</u> |
|-------------------------|---------------|--------------------------------|
| - Fixed Remuneration | 5,961 | 7 |
| - Variable Remuneration | 341 | - |
| - Deferred Remuneration | - | - |
| Total | <u>6,302</u> | <u>7</u> |

No senior management or key personnel has been awarded with new sign-on or severance payments.

Note 1: As defined in CG5 Guideline on a Sound Remuneration System issued by the HKMA, senior management are those who are responsible for oversight of either the Bank's company-wide strategy or activities or those of the Bank's main business lines. Key Personnel are individual employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Bank.