



# 2006 1Q Business Results

May 10, 2006



*“Your Total Financial Solution: Shinhan Financial Group”*



**SHINHAN FINANCIAL GROUP**



## Disclaimer Statement

This presentation material has been prepared based on financial statements for the first quarter of the fiscal year 2006 in accordance with Korean GAAP. Financial information contained in this presentation has not been completely audited yet by our external auditor. Even though we do not expect that financial information will be materially changed, no assurance is provided and our final audited financial statements may differ from the provided figures in this presentation material.

As of April 1, 2006, newly integrated Shinhan Bank was established and credit card business of the previous Chohung Bank merged with Shinhan Card. Although the business results of the previous Shinhan Bank and Chohung Bank are given separately in this report, starting from second quarter only figures of the integrated Shinhan Bank will be presented. Reference to 'Shinhan Bank' in this report refers to the pre-integrated Shinhan Bank.

As of this quarter, according to changes in accounting treatment of Joint Venture companies, we applied equity methods instead of consolidation basis to Shinhan BNPP ITMC, SH&C Life, and SMFA.

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



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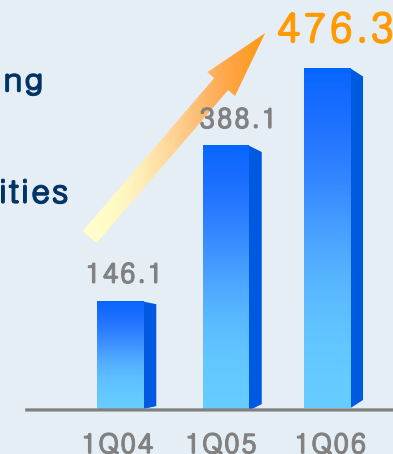
# 2006 1Q Business Highlights (1)



## Net Income **KRW 476.3 billion, 23% higher than 2005 1Q**

- Net income totaling 434.2 bil. for banking operation and 102.4 bil. for non-banking subsidiaries, an increase of 25%, 139% respectively from 1Q last year  
(Shinhan Bank 228.1 bil., Chohung Bank 200.9 bil., Good Morning Shinhan Securities 25.1 bil., Shinhan Life Insurance 30.0 bil., Shinhan Capital 21.2 bil.)
- Non-banking sector's contributions to net income are continually rising  
(11.2% in FY2005 → 18.5% in 2006 1Q)

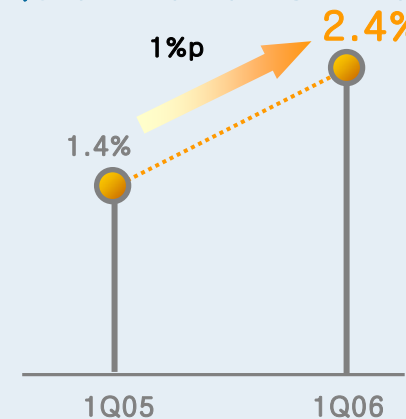
(Group's Net Income)  
in KRW billion



## Asset Growth **Steady loan growth based on stable net interest margin**

- 2.4% increase in loans in won in the banking operation  
(Retail 3.2%, SME 1.6%, Large Corp. 0.6%)
- Maintenance of stable net interest margin :  
Shinhan Bank 2.17%, Chohung Bank 3.61%

(Growth of loans in won)





# 2006 1Q Business Highlights (2)



## Asset Quality

Maintaining Stable Asset Quality along with Conservative Accumulation of Reserves

- Maintenance of NPL ratio within 1% level through Increased quality loans and stabilized delinquencies  
(NPL ratio: Shinhan Bank 1.02%, Chohung Bank 1.18%)
- NPL coverage ratio: Group 154%, Shinhan Bank 126%, Chohung Bank 190%

(Group's NPL ratio)

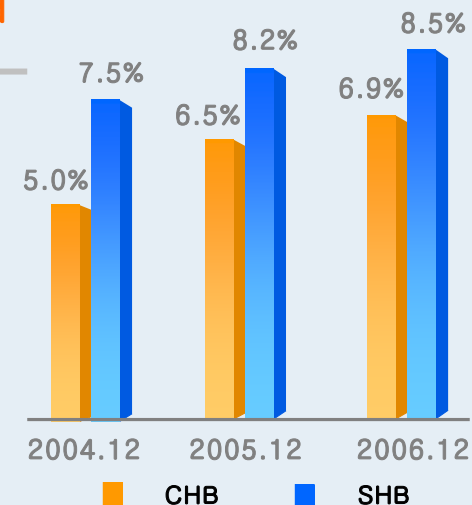


## Capital Adequacy

Increase in BIS ratio due to improved asset quality and stable asset growth

- SHB : BIS ratio 12.7%, Tier 1 ratio 8.5%
- CHB : BIS ratio 10.8%, Tier 1 ratio 6.9%

(Tier 1 ratio)





## 1. Income Statement Highlights

1. Income of Shinhan Financial Group
2. Income of Subsidiaries (consolidated)
3. Income of Shinhan Bank
4. Income of Chohung Bank
5. Interest Income (SHB/CHB)
6. Non-Interest Income (SHB/CHB)
7. General & Administration Expenses (SHB/CHB)

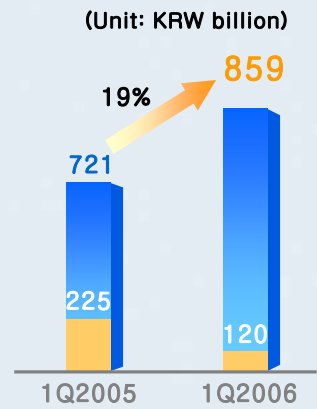


### Summary of Consolidated Income Statement

(unit: KRW billion)

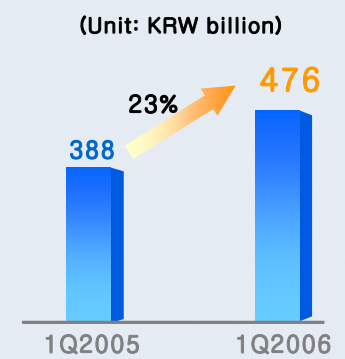
	1Q2006	1Q2005	YoY		4Q2005	QoQ		FY2005	FY2004
			Chg Amt	Chg %		Chg Amt	Chg %		
<b>Operating Income</b>	<b>796.1</b>	<b>648.6</b>	<b>147.5</b>	<b>22.7%</b>	<b>678.9</b>	<b>117.3</b>	<b>17.3%</b>	<b>2,785.6</b>	<b>2,951.5</b>
Interest Income <sup>1)</sup>	1,113.5	931.8	181.7	19.5%	1,063.6	49.9	4.7%	4,042.8	3,995.2
Non-Interest Income	308.2	280.5	27.7	9.9%	302.7	5.5	1.8%	1,064.1	1,051.0
G&A <sup>2)</sup>	625.5	563.7	61.9	11.0%	687.4	-61.9	-9.0%	2,321.3	2,094.7
Non-Operating Income	63.1	72.3	-9.2	n.a.	102.5	-39.4	-38.4%	234.9	-139.6
<b>Pre-Provision Income</b>	<b>859.2</b>	<b>720.9</b>	<b>138.3</b>	<b>19.2%</b>	<b>781.4</b>	<b>77.9</b>	<b>10.0%</b>	<b>3,020.5</b>	<b>2,811.9</b>
Provision	158.5	259.5	-101.0	-38.9%	258.1	-99.6	-38.6%	1,009.3	1,478.0
Loan Loss Provision	120.3	225.0	-104.7	-46.5%	232.9	-112.6	-48.4%	902.7	1,384.8
Taxes	221.6	67.7	153.9	227.4%	54.3	167.3	308.3%	263.6	212.7
Minority Interests	2.8	5.6	-2.8	-50.2%	2.7	0.1	2.3%	15.5	70.8
<b>Net Income</b>	<b>476.3</b>	<b>388.1</b>	<b>88.2</b>	<b>22.7%</b>	<b>466.2</b>	<b>10.1</b>	<b>2.2%</b>	<b>1,732.1</b>	<b>1,050.3</b>

### PPI/Provision



■ Pre-Provision Income  
■ Loan Loss Provision

### Net Income



\* Figures in the income highlight section of this presentation are presented in SFG's consolidated financial basis. However, figures in asset quality and balance sheet highlight sections are in non-consolidated basis of each subsidiary for consistency in comparison.

note 1) Interest Income from Credit Card which had been classified as the commission income from credit card business was reclassified as interest income.

note 2) Excluding provision for retirement benefit



## 2. Income by Subsidiaries (consolidated)

### I. Income Statement Highlights



(Unit: KRW billion)

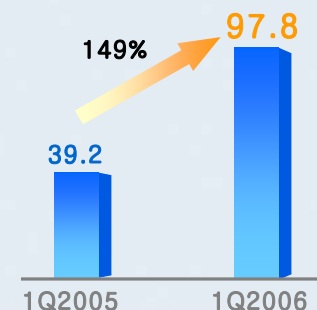
	Net Income (a)	Group Ownership% (b)	Net Income (a+b=c)	Adjustments <sup>1)</sup> (d)	Consolidated Net Income (c+d)
<b>Banks (A)</b>	<b>434.2</b>		<b>432.2</b>	<b>-18.6</b>	<b>413.6</b>
Shinhan Ban	228.1	100.0%	228.1	-	228.1
Chohung Bank	200.9	100.0%	200.9	-18.7	182.2
Jeju Bank	5.2	62.4%	3.2	0.1	3.3
<b>Non-Banks (B)</b>	<b>102.4</b>		<b>97.8</b>	<b>-15.7</b>	<b>82.1</b>
GMS Securities	25.1	100.0%	25.1	-4.4	20.7
Shinhan Life Insurance	30.0	100.0%	30.0	-10.8	19.2
Shinhan Card	16.5	100.0%	16.5	-0.5	16.0
Shinhan Capital	21.2	100.0%	21.2	0.1	21.3
Shinhan BNPP Invest.	2.3	50.0%	1.2	-	1.2
SMFA	5.0	51.0%	2.6	-0.1	2.5
Shinhan Credit Info.	0.5	100.0%	0.5	-	0.5
SH&C Life	2.0	50.0%	1.0	-	1.0
Shinhan Private Equity	-0.2	100.0%	-0.2	-	-0.2
<b>SFG (C) <sup>2)</sup></b>		-		<b>-19.3</b>	<b>-19.3</b>
<b>Total (A+B+C)</b>	<b>536.6</b>	-	<b>530.0</b>	<b>-53.6</b>	<b>476.3</b>

Note 1) Goodwill amortization: Chohung Bank 22.8 bil., GMS Securities 4.3 bil., Shinhan Life Insurance 10.5 bil.

Note 2) SFG expenses: interest expenses -7.7 bil., G&A Expenses -11.7 bil, non-operating income etc. 100 mil.

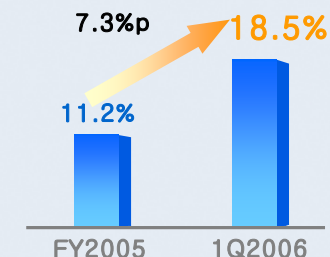
### Total Net Income (non-banking subsidiaries)

(unit: KRW billion)



Note) Net income after reflecting share ownership

### Net Income Contributions (non-banking subsidiaries)



Note) Net income after reflecting share ownership



»» Interest Income increased with increase in interest bearing loan and improved net interest margin. Additionally, non-interest income also rose sharply due to fees & commissions from exchange products and NPL dividend revenues etc.

### Condensed Income Statement

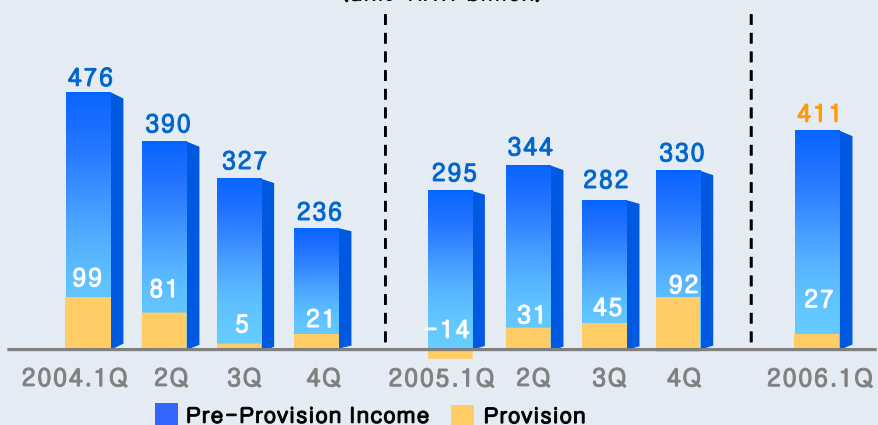
(Unit: KRW billion)

	1Q2006	1Q2005	YoY		4Q2005	QoQ		FY2005	FY2004
			Chg Amt	Chg %		Chg Amt	Chg %		
<b>Operating Income</b>	<b>365.4</b>	248.8	116.6	46.9%	300.3	65.1	21.7%	1,137.7	1,270.6
Interest Income	447.6	347.4	100.2	28.8%	402.5	45.1	11.2%	1,513.1	1,517.0
Non-Interest Income	165.1	120.2	44.9	37.4%	123.5	41.6	33.7%	432.2	463.2
G&A Expenses <sup>1)</sup>	247.3	218.8	28.5	13.0%	225.6	21.7	9.6%	807.6	709.7
<b>Non-Operating Income</b>	<b>45.9</b>	46.1	-0.2	-0.4%	30.0	15.9	53.1%	113.0	158.1
<b>Pre-Provision Income</b>	<b>411.3</b>	294.9	116.4	39.5%	330.3	81.0	24.5%	1,250.7	1,428.6
Loan Loss Provision	26.6	-13.7	40.3	n.a.	91.7	-65.1	-71.0%	153.2	205.5
<b>Taxes</b>	<b>138.9</b>	77.4	61.5	79.5%	65.5	73.4	112.1%	293.7	355.6
<b>Net Income</b>	<b>228.1</b>	218.3	9.8	4.5%	169.9	58.2	34.2%	774.4	844.1

Note 1) Provision for retirement benefit excluded

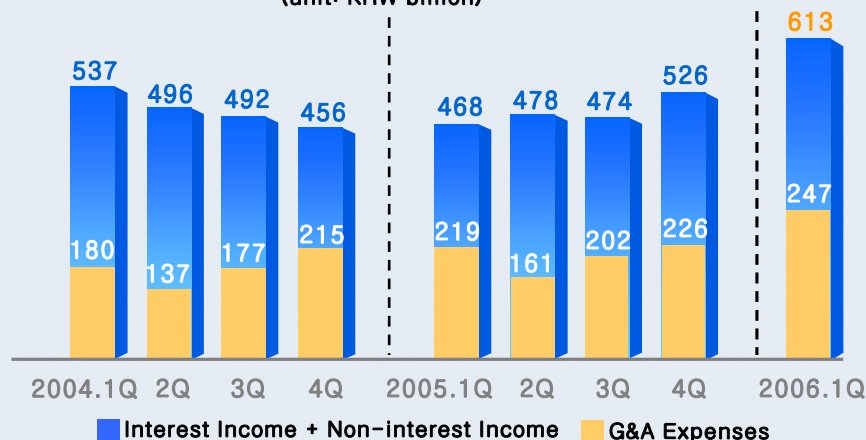
### Pre-Provision Income / Provision

(unit: KRW billion)



### G&A Expenses / Interest Income + Non-Interest Income

(unit: KRW billion)





»» Loan Loss Provisions decreased by 125.9 billion compared with 1Q last year due to continuous increase of interest and non-interest incomes

### Condensed Income Statement

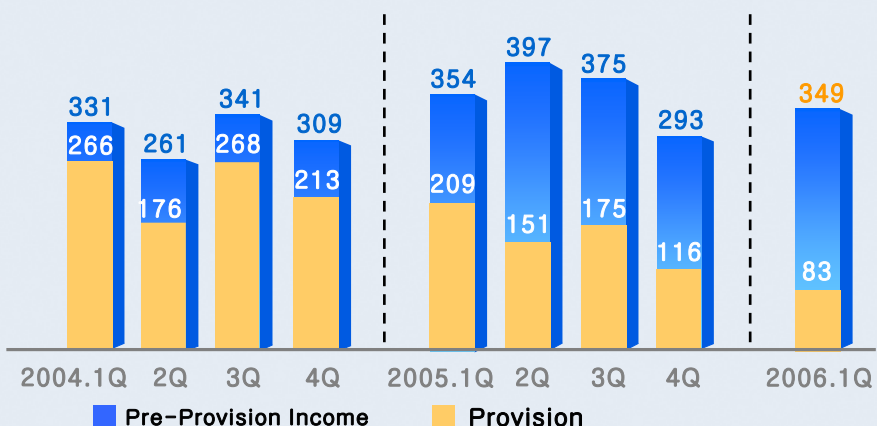
(Unit: KRW billion)

	1Q2006	1Q2005	YoY		4Q2005	QoQ		FY2005	FY2004
			Chg Amt	Chg %		Chg Amt	Chg %		
<b>Operating Income</b>	<b>358.9</b>	<b>332.2</b>	<b>26.7</b>	<b>8.0%</b>	<b>289.7</b>	<b>69.1</b>	<b>23.9%</b>	<b>1,379.2</b>	<b>1,283.1</b>
Interest Income	514.0	495.5	18.5	3.7%	539.4	-25.4	-4.7%	2,116.8	1,278.0
Non-interest Income	70.3	58.0	12.3	21.2%	67.7	2.6	3.8%	268.5	848.4
G&A Expenses <sup>1)</sup>	225.4	221.3	4.1	1.9%	317.4	-92.0	-29.0%	1,006.1	843.3
Non-Operating Income	-10.3	22.2	-32.5	n.a.	3.3	-13.6	n.a.	40.5	-61.7
<b>Pre-Provision Income</b>	<b>348.6</b>	<b>354.4</b>	<b>-5.8</b>	<b>-1.6%</b>	<b>293.0</b>	<b>55.6</b>	<b>19.0%</b>	<b>1,419.7</b>	<b>1,221.4</b>
Loan Loss Provision	82.7	208.6	-125.9	-60.3%	115.7	-33.0	-28.5%	650.4	923.4
Taxes	49.2	2.1	47.2	n.a.	-60.6	109.8	n.a.	-50.5	6.4
<b>Net Income</b>	<b>200.9</b>	<b>125.9</b>	<b>75.0</b>	<b>59.5%</b>	<b>219.5</b>	<b>-18.6</b>	<b>-8.5%</b>	<b>756.5</b>	<b>241.0</b>

Note 1) Excluding provision for retirement benefits

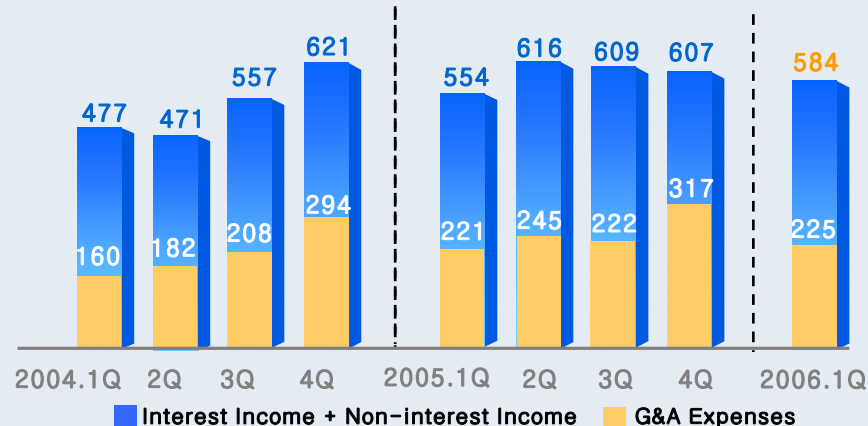
### Pre-Provision Income / Provision

(unit: KRW billion)



### G&A Expenses / Interest Income + Non-Interest Income

(unit: KRW billion)



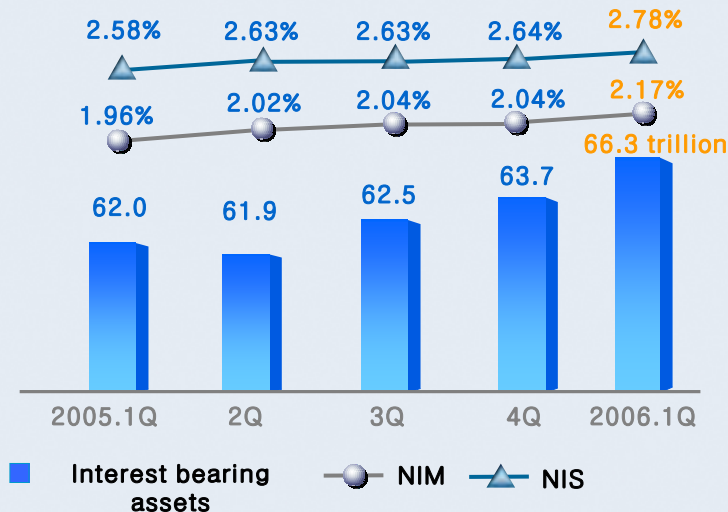


### 1) Shinhan Bank

(Unit: KRW billion)

	1Q2006	1Q2005	Chg Amt	YoY
Interest Revenue (A)	1,049.2	848.8	200.4	23.6%
Interest on Loans	858.7	713.6	145.1	20.3%
Interest Expenses (B)	601.6	501.4	100.3	20.0%
Interest on Deposits	356.5	300.1	56.4	18.8%
Interest Income (A-B)	447.6	347.4	100.1	28.8%

#### Interest Bearing Assets / NIM

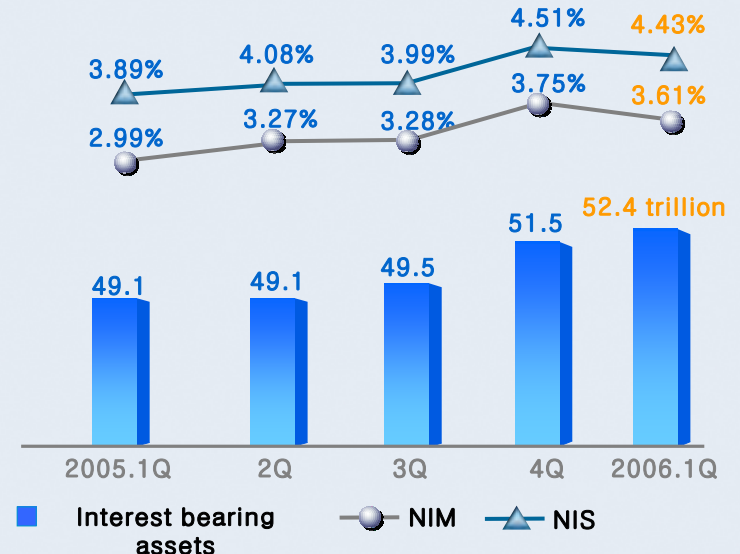


### 2) Chohung Bank

(Unit: KRW billion)

	1Q2006	1Q2005	Chg Amt	YoY
Interest Revenue (A)	931.7	872.6	59.1	6.8%
Interest on Loans	810.1	759.0	51.0	6.7%
Interest Expenses (B)	417.7	377.1	40.6	10.8%
Interest on Deposits	262.1	254.2	8.0	3.1%
Interest Income (A-B)	514.0	495.5	18.4	3.7%

#### Interest Bearing Assets / NIM





### 1) Shinhan Bank

(Unit: KRW billion)

	1Q2006	1Q2005	Chg Amt	YoY
Non-Interest Income	165.1	120.2	44.9	37.4%
Fees & Commissions	86.3	78.6	7.7	9.8%
Funds	23.0	9.9	13.1	132.2%
Bancassurance	9.6	9.6	-	-
Trust Fees & Income	5.8	6.0	-0.1	-2.4%
F/X Comm. & Others	73.0	35.6	37.4	105.2%

### 2) Chohung Bank

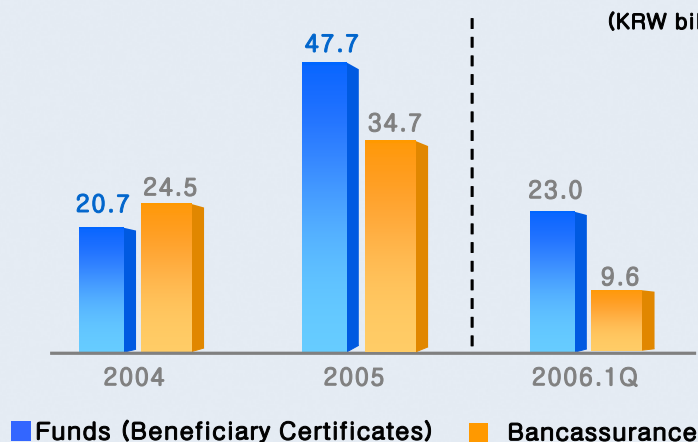
(Unit: KRW billion)

	1Q2006	1Q2005	Chg Amt	YoY
Non-Interest Income	70.3	58.0	12.3	21.3%
Fees & Commissions	69.1	67.6	1.6	2.3%
Funds	17.5	7.2	10.3	143.4%
Bancassurance	20.1	16.9	3.2	18.9%
Trust Fees & Income	3.5	7.6	-4.1	-54.1%
F/X Comm. & Others	-2.3	-17.3	14.9	-86.6%

#### Fees & Commissions for

#### Funds (Beneficiary Certificates) / Bancassurance

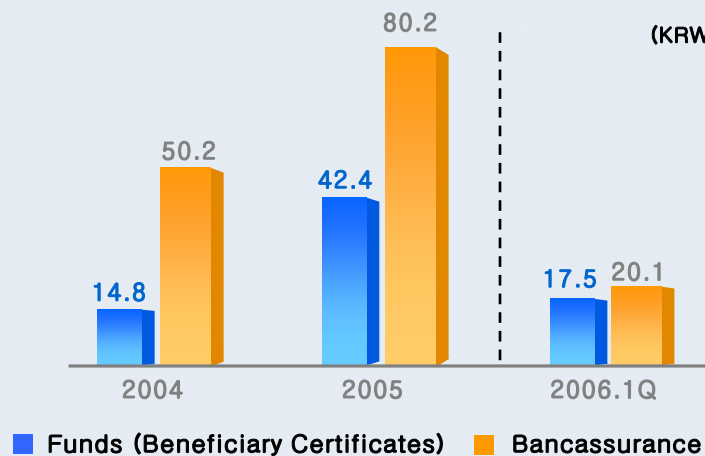
(KRW billion)



#### Fees & Commissions for

#### Funds (Beneficiary Certificates) / Bancassurance

(KRW billion)





## 1) Shinhan Bank

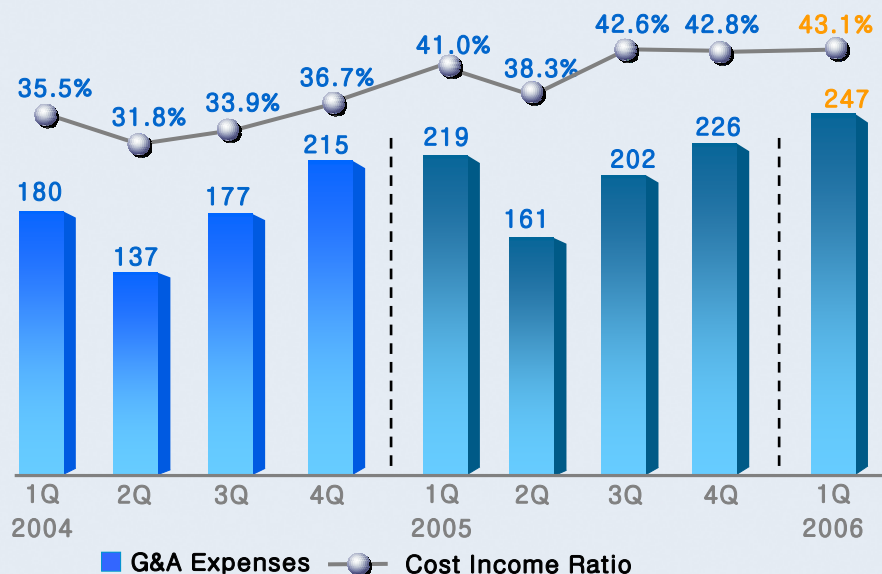
(Unit: KRW billion)

	1Q2006	1Q2005	Chg Amt	YoY
G&A Expenses	247.3	218.8	28.5	13.0%
Labor/Admin.	224.8	197.5	27.3	13.8%
D&A/Taxes/Others	22.5	21.2	1.2	5.7%
C/I ratio	43.1%	41.0%	2.1%p	-

Note) D&A (Depreciation & Amortization)

### G&A Expenses / Cost Income Ratio

(unit: KRW billion)



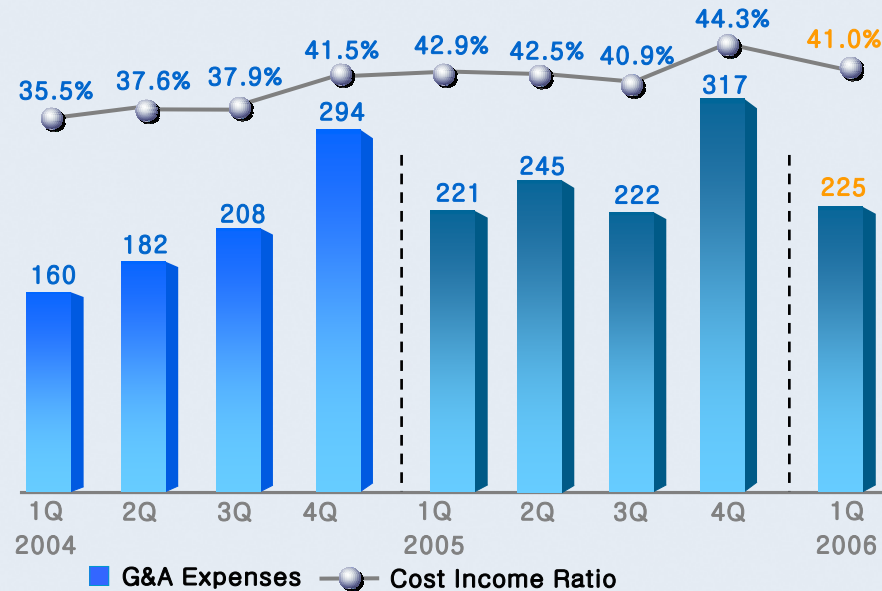
## 2) Chohung Bank

(Unit: KRW billion)

	1Q2006	1Q2005	Chg Amt	YoY
G&A Expenses	225.4	221.3	4.1	1.9%
Labor/Admin.	195.2	191.8	3.4	1.8%
D&A/Taxes/Others	30.2	29.5	0.7	2.4%
C/I ratio	41.0%	42.9%	-1.9%p	-

### G&A Expenses / Cost Income Ratio

(unit: KRW billion)





## II. Balance Sheet Highlights

1. Asset Growth (Group/Banks)
2. Loan Growth (Shinhan Bank)
3. Loan Growth (Chohung Bank)
4. Credit Card (Shinhan Card/CHB Card)
5. Deposit (SHB/CHB)



### 1) Group

(Unit: KRW trillion)

	2005.12	2006.3	YTD
Banks	165.4	170.1	2.9%
Non-Banks	28.4	28.1	-1.0%
<b>Total</b>	<b>193.7</b>	<b>198.2</b>	<b>2.3%</b>

Note) Including AUM (Shinhan BNP ITMC + Chohung ITMC) and Trust A/C

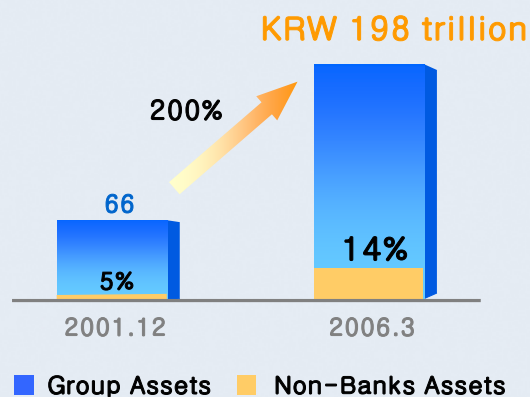
### 2) Banks

(Unit: KRW trillion)

	2005.12	2006.3	YTD
Shinhan Bank	90.6	93.7	3.5%
Chohung Bank	72.7	74.3	2.2%
Jeju Bank	2.1	2.1	-
<b>Total</b>	<b>165.4</b>	<b>170.1</b>	<b>2.9%</b>

Note) Including Trust account (contracted + current trust)

### Group Assets / Non-Banks Assets



### 3) Non-Banks

(Unit: KRW trillion)

	2005.12	2006.3	YTD
GMS Securities	3.9	3.7	-5.8%
SH Life Insurance	5.1	5.3	3.3%
SH Card	1.5	1.5	-5.0%
SH Capital	1.4	1.5	9.3%
SH BNP+SH Trust	15.1	15.8	4.6%
Others	1.4	0.3	-
<b>Total</b>	<b>28.4</b>	<b>28.1</b>	<b>-0.9%</b>

Note) Including AUM (SH BNP + SH Trust)

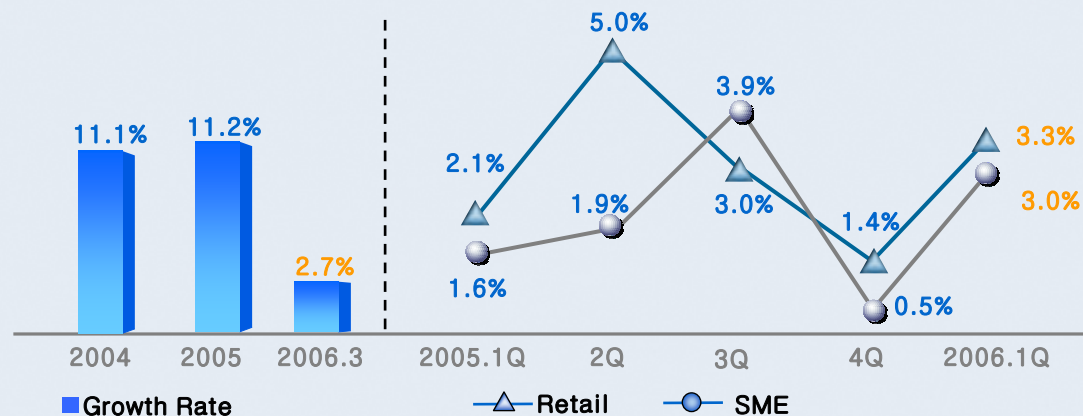


»» Despite fierce competition amongst banks for loans, SHB maintained stable asset growth based on mortgage and SME loans

(Unit: KRW billion)

	2006.3	2005.12	YTD		2005.3	YoY Chg %
			Chg Amt	Chg %		
<b>Retail</b>	<b>23,664.5</b>	<b>22,903.8</b>	<b>760.7</b>	<b>3.3%</b>	<b>20,978.5</b>	<b>12.8%</b>
Mortgage	15,486.1	15,019.9	466.2	3.1%	14,060.1	10.1%
Others	8,178.4	7,883.9	294.5	3.7%	6,918.4	18.2%
<b>SME</b>	<b>18,606.3</b>	<b>18,065.2</b>	<b>541.1</b>	<b>3.0%</b>	<b>17,016.3</b>	<b>9.3%</b>
SOHO	6,977.1	6,903.7	73.4	1.1%	6,455.5	8.1%
Large Corp.	3,997.2	4,125.6	-128.4	-3.1%	3,169.9	26.1%
Public & Others	758.7	675.2	83.5	12.4%	443.7	71.0%
<b>Total</b>	<b>47,026.7</b>	<b>45,769.8</b>	<b>1,256.9</b>	<b>2.7%</b>	<b>41,608.4</b>	<b>13.0%</b>

### Loan Growth Rate



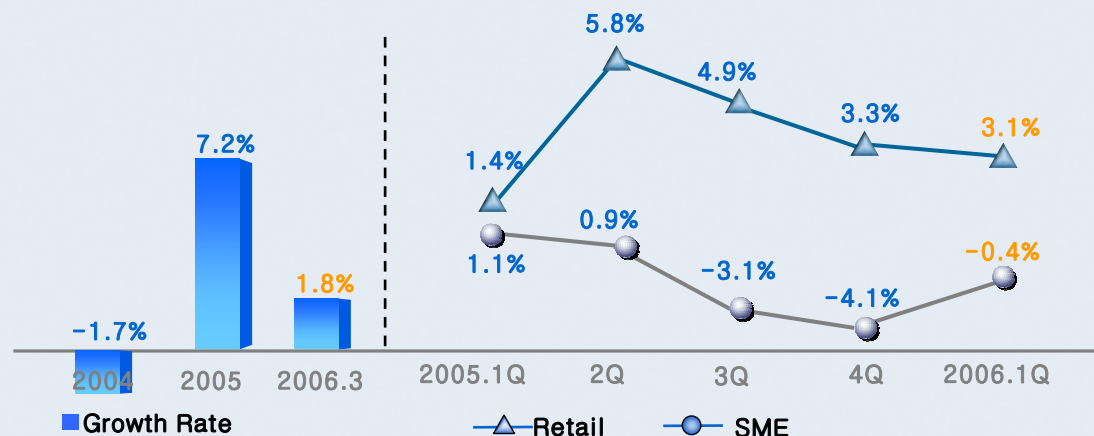


»» CHB achieved stable asset growth focusing on mortgage loans and strengthened credit risk management on SOHO loans

(Unit: KRW billion)

	2006.3	2005.12	YTD		2005.3	YoY Chg %
			Chg Amt	Chg %		
<b>Retail</b>	<b>18,791.0</b>	<b>18,220.2</b>	<b>570.8</b>	<b>3.1%</b>	<b>16,003.5</b>	<b>17.4%</b>
Mortgage	10,438.0	10,101.6	336.4	3.3%	8,255.7	26.4%
Others	8,353.0	8,186.8	166.2	2.0%	7,777.9	7.4%
<b>SME</b>	<b>12,888.1</b>	<b>12,939.3</b>	<b>-51.2</b>	<b>-0.4%</b>	<b>13,796.9</b>	<b>-6.6%</b>
SOHO	4,377.5	4,537.9	-160.4	-3.5%	4,826.9	-9.3%
Large Corp.	3,662.4	3,490.6	171.8	4.9%	3,074.5	19.1%
Public & Others	410.5	457.9	-47.4	-10.3%	453.8	-9.5%
<b>Total</b>	<b>35,752.0</b>	<b>35,108.0</b>	<b>644.0</b>	<b>1.8%</b>	<b>33,328.7</b>	<b>7.3%</b>

### Loan Growth Rate





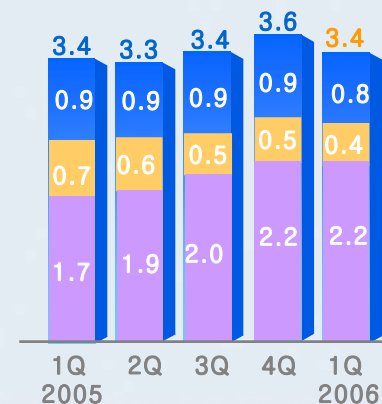
## 1) Shinhan Card

(Unit: KRW billion)

	2006.3	2005.12	YTD		2005.3	YoY	
			Chg Amt	Chg %		Chg Amt	Chg %
<b>Assets (Managed)</b>	<b>1,858.0</b>	<b>1,938.4</b>	<b>-80.4</b>	<b>-4.1%</b>	<b>1,812.1</b>	<b>45.9</b>	<b>2.5%</b>
Receivables	1,170.6	1,257.5	-86.9	-6.9%	1,146.8	23.8	2.1%
Cash Advances	424.9	425.2	-0.3	-0.1%	443.2	-18.3	-4.1%
Card Loans	262.5	255.7	6.8	2.7%	222.0	40.5	18.2%
Re-aged Loans	3.6	4.0	-0.4	-9.8%	7.7	-4.1	-53.2%
<b>Card Holders (thousands)</b>	<b>3,691</b>	<b>3,467</b>	<b>224</b>	<b>6.5%</b>	<b>3,026</b>	<b>665</b>	<b>22.0%</b>

Sales Volume  
(Quarterly)

(Unit: KRW trillion)



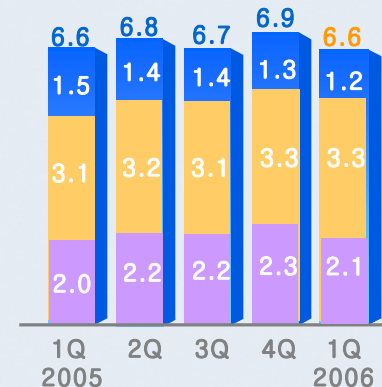
■ Cash Advances  
■ Purchasing  
■ Receivables

## 2) CHB Card

(Unit: KRW billion)

	2006.3	2005.12	YTD		2005.3	YoY	
			Chg Amt	Chg %		Chg Amt	Chg %
<b>Assets (Managed)</b>	<b>2,034.9</b>	<b>2,282.3</b>	<b>-247.4</b>	<b>-10.8%</b>	<b>2,551.1</b>	<b>-516.2</b>	<b>-20.2%</b>
Receivables	1,110.6	1,282.0	-171.4	-13.4%	1,244.6	-134.0	-10.8%
Cash Advances	674.8	710.4	-35.6	-5.0%	831.0	-156.2	-18.8%
Card Loans	249.5	289.9	-40.4	-13.9%	475.5	-226.0	-47.5%
Re-aged Loans	231.6	270.2	-38.6	-14.3%	445.5	-213.9	-48.0%
<b>Card Holders (thousands)</b>	<b>4,233</b>	<b>4,182</b>	<b>51</b>	<b>1.2%</b>	<b>3,889</b>	<b>344</b>	<b>8.8%</b>

(Unit: KRW trillion)



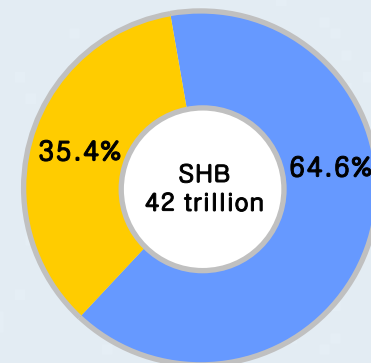


### 1) Shinhan Bank

(Unit: KRW billion)

	2006.3	2005.12	YTD		2005.3	YoY	
			Chg Amt	Chg %		Chg Amt	Chg %
<b>Low Cost Deposit</b>	<b>14,756.1</b>	<b>13,677.7</b>	<b>1,078.5</b>	<b>7.9%</b>	<b>13,009.6</b>	<b>1,746.5</b>	<b>13.4%</b>
Demands	1,748.3	1,729.4	19.0	1.1%	1,523.8	224.5	14.7%
Savings	13,007.8	11,948.3	1,059.5	8.9%	11,485.8	1,522.1	13.3%
<b>Other Savings</b>	<b>19,994.8</b>	<b>20,325.8</b>	<b>-331.0</b>	<b>-1.6%</b>	<b>20,703.0</b>	<b>-708.1</b>	<b>-3.4%</b>
Time Deposit	15,629.3	15,800.3	-171.0	-1.1%	15,922.2	-292.9	-1.8%
Certificate of Deposits	6,918.4	7,886.8	-968.4	-12.3%	5,326.8	1,591.6	29.9%
<b>Total</b>	<b>41,669.4</b>	<b>41,890.3</b>	<b>-220.9</b>	<b>-0.5%</b>	<b>39,039.4</b>	<b>2,630.0</b>	<b>6.7%</b>
Finance Debentures in Won	11,765.5	10,586.5	1,179.0	11.1%	8,782.7	2,982.8	34.0%

### Deposit/Low Cost Deposit

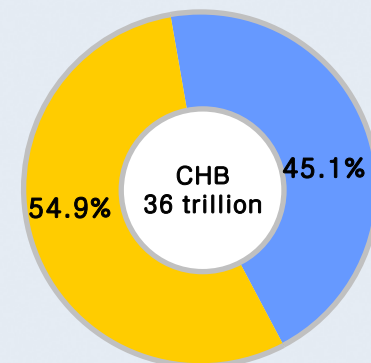


### 2) Chohung Bank

(Unit: KRW billion)

	2006.3	2005.12	YTD		2005.3	YoY	
			Chg Amt	Chg %		Chg Amt	Chg %
<b>Low Cost Deposit</b>	<b>19,823.8</b>	<b>20,344.7</b>	<b>-520.9</b>	<b>-2.6%</b>	<b>18,083.1</b>	<b>1,740.7</b>	<b>9.6%</b>
Demands	9,279.4	9,431.4	-152.0	-1.6%	8,215.5	1,063.9	13.0%
Savings	10,544.3	10,913.3	-369.0	-3.4%	9,867.6	676.7	6.9%
<b>Other Savings</b>	<b>14,714.3</b>	<b>15,082.8</b>	<b>-368.5</b>	<b>-2.4%</b>	<b>16,761.9</b>	<b>-2,047.6</b>	<b>-12.2%</b>
Time Deposit	11,341.6	11,425.7	-84.1	-0.7%	12,509.6	-1,168.0	-9.3%
Certificate of Deposits	1,583.3	2,775.2	-1,191.9	-42.9%	2,359.0	-775.7	-32.9%
<b>Total</b>	<b>36,121.3</b>	<b>38,202.7</b>	<b>-2,081.4</b>	<b>-5.4%</b>	<b>37,204.0</b>	<b>-1,082.7</b>	<b>-2.9%</b>
Finance Debentures in Won	8,171.1	7,470.3	700.8	9.4%	5,794.2	2,376.9	41.0%

■ Low Cost Deposit





### III. Asset Quality Highlights

1. Asset Quality (Group/Banks)
2. Asset Quality (Credit Card)
3. Delinquency Status (SHB/CHB)
4. Loan Loss Provision (SHB/CHB/SH Card)



# 1. Asset Quality (Group/Banks)

## III. Asset Quality Highlights



### 1) SFG

(Unit: KRW billion)

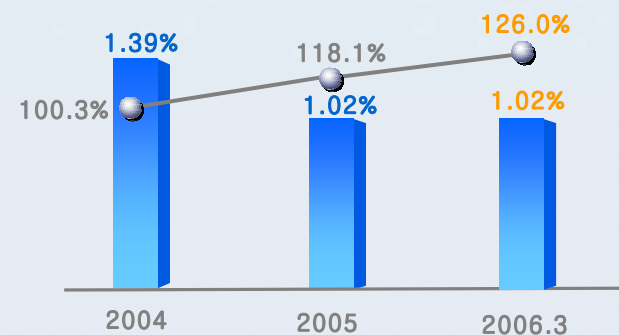
	2004.12	2005.12	2006.3	Chg Amt	Chg %
Normal	95,535.7	105,645.8	106,501.8	856.0	0.8%
Precautionary	2,427.7	2,149.2	2,227.2	78.0	3.6%
Substandard & Below	1,702.0	1,210.4	1,260.1	49.6	4.1%
Total	99,665.4	109,005.5	109,989.1	983.6	0.9%
NPL Ratio	1.71%	1.11%	1.15%	n.a.	0.04%p
Loan Loss Reserves	1,941.7	1,772.4	1,939.5	167.1	9.4%
NPL Coverage Ratio	114.1%	146.4%	153.9%	n.a.	7.49%p



### 2) SHB

(Unit: KRW billion)

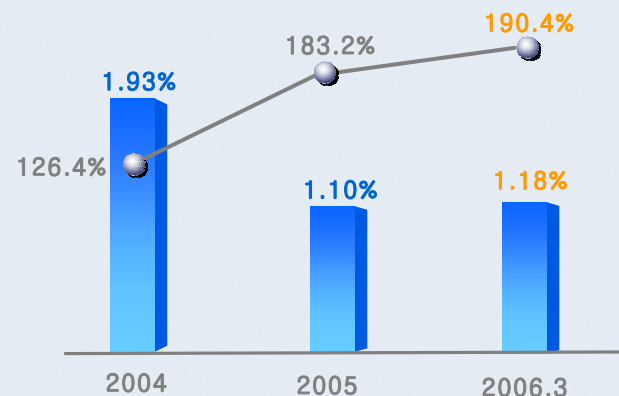
	2004.12	2005.12	2006.3	Chg Amt	Chg %
Normal	50,287.7	54,877.9	55,847.7	969.8	1.8%
Precautionary	1,007.0	963.4	1,024.1	60.7	6.3%
Substandard & Below	723.5	575.5	585.5	10.0	1.7%
Total	52,018.2	56,416.8	57,457.4	1,040.6	1.8%
NPL Ratio	1.39%	1.02%	1.02%	n.a.	-
Loan Loss Reserves	726.0	679.5	737.5	58.0	8.5%
NPL Coverage Ratio	100.3%	118.1%	126.0%	n.a.	7.9%p



### 3) CHB

(Unit: KRW billion)

	2004.12	2005.12	2006.3	Chg Amt	Chg %
Normal	41,016.9	44,625.6	44,573.7	-51.9	-0.1%
Precautionary	1,216.2	1,066.6	1,079.0	12.4	1.2%
Substandard & Below	833.2	507.0	545.8	38.8	7.7%
Total	43,066.2	46,199.2	46,198.5	-0.7	0.0%
NPL Ratio	1.93%	1.10%	1.18%	n.a.	0.08%p
Loan Loss Reserves	1,053.0	928.6	1,039.1	110.5	11.9%
NPL Coverage Ratio	126.4%	183.2%	190.4%	n.a.	7.2%p





### 1) Shinhan Card

(Unit: KRW billion)

	2004.12	2005.12	2006.3	Chg Amt	Chg %
Normal	1,818.6	1,832.8	1,746.6	-86.3	-4.7%
Precautionary	132.7	56.7	66.1	9.5	16.7%
Substandard & Below	52.7	49.0	45.3	-3.7	-7.5%
Total	2,004.0	1,938.5	1,858.0	-80.5	-4.2%
NPL Ratio	2.63%	2.53%	2.44%	n.a.	-0.09%p
Loan Loss Reserves	74.1	67.0	63.6	-3.4	-5.1%
NPL Coverage Ratio	140.6%	136.9%	140.4%	n.a.	3.5%p

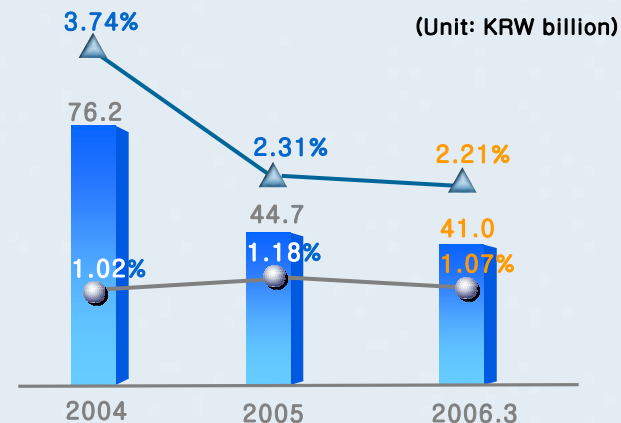
### 2) Chohung Card

(Unit: KRW billion)

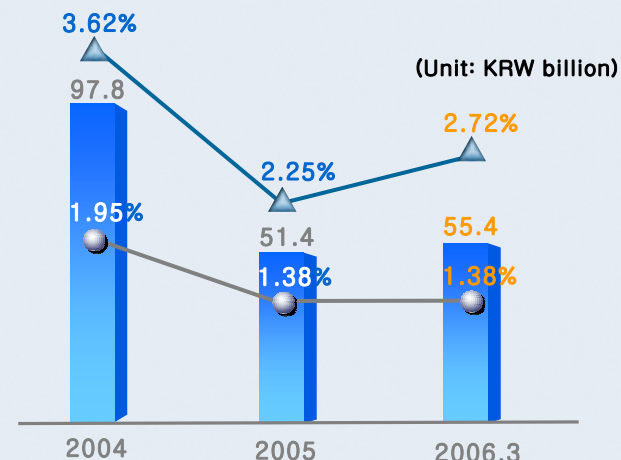
	2004.12	2005.12	2006.3	Chg Amt	Chg %
Normal	2,253.0	2,037.0	1,842.5	-194.5	-9.5%
Precautionary	250.2	151.8	104.1	-47.7	-31.4%
Substandard & Below	198.7	93.5	88.3	-5.1	-5.5%
Total	2,701.9	2,282.3	2,034.9	-247.4	-10.8%
NPL Ratio	7.35%	4.10%	4.34%	n.a.	0.25%p
Loan Loss Reserves	220.9	137.2	124.5	-12.7	-9.3%
NPL Coverage Ratio	111.2%	146.8%	141.0%	n.a.	-5.8%p

### Card Delinquency Ratio and Amount

(Unit: KRW billion)



- Delinquency Amount (1M and Over)
- Delinquency Ratio (Less than 1M)
- ▲ Delinquency Ratio (1M and Over)





### 1) SHB

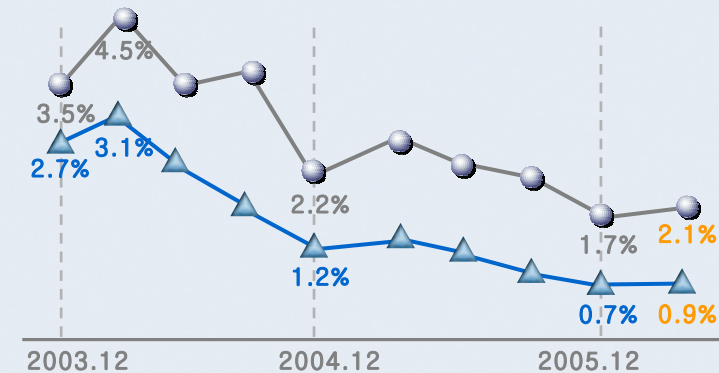
	2004.12	2005.12	2006.3	Chg %p
<b>Delinquency Ratio</b>	1.11%	0.85%	0.89%	0.04%p
Retail	1.07%	0.79%	0.83%	0.04%p
Mortgage	0.66%	0.41%	0.42%	0.01%p
<b>SME</b>	1.80%	1.44%	1.42%	-0.02%p
SOHO	2.07%	1.46%	1.62%	0.16%p
Large Corp.	0.01%	0.02%	0.01%	-0.01%p

### Delinquency Ratio (Quarterly)



### 2) CHB

	2004.12	2005.12	2006.3	Chg %p
<b>Delinquency Ratio</b>	1.69%	1.00%	1.17%	0.17%p
Retail	1.22%	0.73%	0.90%	0.17%p
Mortgage	0.52%	0.28%	0.38%	0.10%p
<b>SME</b>	2.21%	1.70%	2.06%	0.36%p
SOHO	1.99%	1.64%	2.23%	0.59%p
Large Corp.	0.35%	0.00%	0.00%	0.00%p



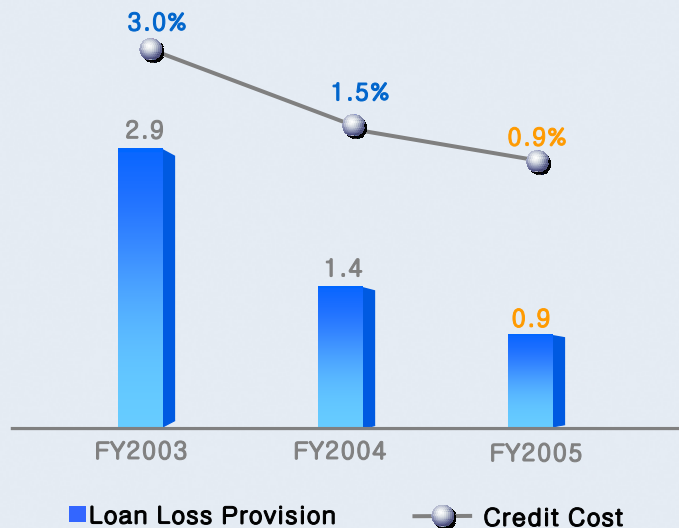


(Unit: KRW billion)

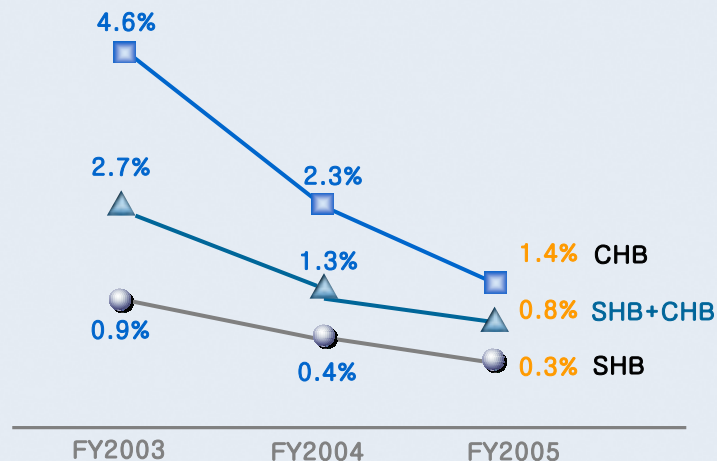
		FY2003	FY2004	1Q2005	FY2005	1Q2006
<b>Total LLP</b>		<b>2,851.4</b>	<b>1,426.6</b>	<b>229.7</b>	<b>920.3</b>	<b>121.5</b>
<b>SHB</b>	Retail	82.4	73.8	20.6	90.5	48.0
	Corporate	352.7	146.9	-23.6	83.0	-16.1
	<b>Sub-Total</b>	<b>435.1</b>	<b>220.7</b>	<b>-3.0</b>	<b>173.5</b>	<b>31.9</b>
<b>CHB</b>	Retail	439.0	408.6	64.4	184.6	130.9
	Corporate	344.2	106.7	99.3	312.8	-73.0
	Credit Card	1,350.0	514.8	45.4	163.3	24.7
	<b>Sub-Total</b>	<b>2,133.2</b>	<b>1,030.1</b>	<b>209.1</b>	<b>660.7</b>	<b>82.6</b>
<b>Shinhan Card</b>		<b>283.1</b>	<b>175.8</b>	<b>23.6</b>	<b>86.1</b>	<b>7.0</b>

### Loan Loss Provision (Bank/Card) & Credit Cost (SFG)

(Unit: KRW trillion)



### Credit Cost (Banks)





## IV. Capital Adequacy Highlights



### 1. Capital Adequacy (Group/Banks)

### 1) SFG Required Capital Adequacy Ratio

(Unit: KRW billion)

	2004.12	2005.12	2006.3(e)	Chg Amt
Net Capital (a)	9,867.9	11,434.0	11,699.1	265.1
Required Capital (b)	7,625.3	8,609.1	8,733.9	124.8
Required Capital Ratio (a/b)	129.4%	132.8%	134.0%	1.2%p



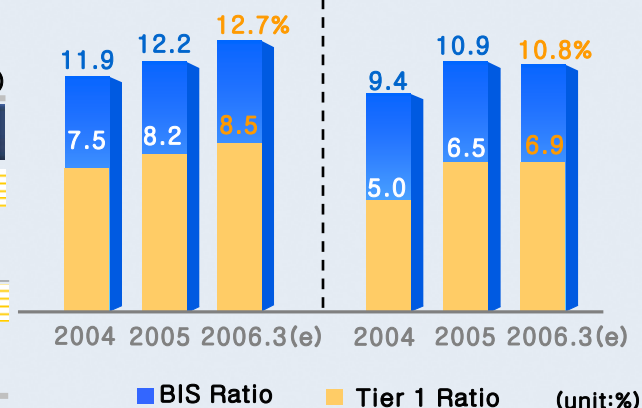
### 2) Shinhan Bank

(Unit: KRW billion)

	2004.12	2005.12	2006.3(e)	Chg Amt
Risk-Weighted Assets	48,578.6	53,708.6	54,363.8	655.2
Tier 1 Capital	3,618.2	4,381.1	4,606.8	225.7
Tier 2 Capital	2,183.3	2,287.7	2,413.6	125.9
BIS Ratio	11.94%	12.23%	12.7%	0.5%p
Tier 1 Ratio	7.45%	8.16%	8.5%	0.3%p
Tier 2 Ratio	4.49%	4.07%	4.3%	0.2%p

**SHB**

**CHB**



### 3) Chohung Bank

(Unit: KRW billion)

	2004.12	2005.12	2006.3(e)	Chg Amt
Risk-Weighted Assets	40,580.9	45,546.7	45,747.1	200.4
Tier 1 Capital	2,023.1	2,968.5	3,167.1	198.6
Tier 2 Capital	2,023.1	2,172.6	1,931.4	-241.2
BIS Ratio	9.40%	10.94%	10.8%	-0.1%p
Tier 1 Ratio	4.99%	6.52%	6.9%	0.4%p
Tier 2 Ratio	4.42%	4.42%	3.9%	-0.5%p



## V. Key Financial Ratios

### 1. Key Financial Ratios



(Unit : KRW, shares in millions)

	2002	2003	2004	1Q2005	2005	1Q2006
<b>Asset growth</b>						
SHB <sup>1)</sup>	30.0%	16.8%	11.1%	1.1%	11.2%	2.7%
CHB <sup>1)</sup>	48.2%	1.7%	-0.2%	1.8%	7.2%	1.8%
<b>ROA</b>						
Group	0.94%	0.39%	0.77%	1.07%	1.14%	1.19%
SHB	1.05%	0.71%	1.15%	1.20%	1.03%	1.18%
CHB	-0.97%	-1.48%	0.42%	0.80%	1.16%	1.20%
<b>ROE</b>						
Group	17.57%	8.99%	15.82%	20.70%	20.97%	19.68%
SHB	19.79%	15.05%	22.48%	22.87%	18.26%	20.73%
CHB	-22.31%	-46.28%	11.01%	20.06%	24.02%	20.66%
<b>BVPS</b>	13,178	15,234	19,006	18,402	23,991	23,164
<b>EPS</b>	2,066	963	2,577	3,872	4,099	4,715
<b>Cost Income Ratio</b>						
Group	45.0%	41.7%	43.4%	45.5%	47.6%	46.7%
SHB	36.3%	37.7%	36.7%	41.0%	42.8%	43.1%
CHB	36.4%	38.5%	41.5%	42.9%	44.3%	41.0%
<b>Loan to Deposit Ratio</b>						
SHB	95.7%	94.3%	108.1%	105.5%	105.9%	109.6%
CHB	74.6%	89.0%	85.6%	89.6%	91.9%	99.0%
<b>Number of Common shares <sup>2)</sup></b>	292	294	319	319	359	359
<b>(Diluted Common shares) <sup>3)</sup></b>	292	338	363	363	381	381

Note 1) Ending balance of Loan in Korean Won

Note 2) Common share basis

Note 3) Including conversion of RCPS



## VI. Appendix

1. Investment Securities (SHB/CHB)
2. Shinhan Financial Group at a glance



(As of March 2006)

Company	Shares (thousands)	Ownership	Acquisition Cost (KRW)	Book Value/Share (KRW)	Valuation Gain (KRW billion)
Hynix	31,740	7.1%	3,862	28,900	794.7
LG Card	8,960	7.1%	7,156	36,564	263.5
SFG*	8,986	2.5%	16,050	43,500	246.7
Hyundai Eng. & Con.	5,527	5.1%	11,020	49,550	213.0
SK Networks	22,322	9.4%	4,948	10,178	116.7
Ssangyong Cement	10,000	13.4%	9,520	16,100	65.8
Daewoo Eng. & Con.	8,908	2.6%	3,701	13,950	91.3
Daewoo International	1,523	1.6%	3,405	36,150	49.9
Ssangyong Eng. & Con..	1,365	4.7%	4,230	13,450	12.6
<b>Total</b>					<b>1,854.1</b>

\* Treasury shareholding of SFG (consolidated basis)



### 1) Subsidiaries of SFG

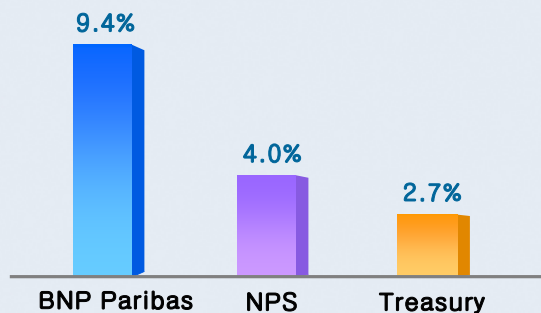
	Subsidiary of SFG as of					Ownership	Total Asset <sup>1)</sup> (KRW trillion)	Net Income <sup>2)</sup> (KRW billion)	Customer <sup>2)</sup> (thousands)	Branch <sup>2)</sup>	Employee <sup>2)</sup>
	01	02	03	04	05						
<b>Banks</b>											
1. Shinhan Bank	■					100%	93.7	826.1	6,360	405	5,271
2. Chohung Bank			■			100%	74.3	777.9	9,291	542	6,146
3. Jeju Bank		■				62%	2.1	7.8	388	31	340
<b>Non-Banks</b>											
4. GMS Securities		■				100%	3.6	74.7	1,150	111	1,657
5. Shinhan Life Insurance				■		100%	5.3	2.6	1,533	112	838
6. Shinhan Card		■				100%	1.5	52.7	2,771	19	216
7. Shinhan Capital	■					100%	1.5	36.4	n.a.	4	46
8. SH BNPP Invest.						50%	0.1	3.7	n.a.	1	53
9. SMFA	■					51%	0.1	2.7	n.a.	1	46
10. Shinhan Credit Info.		■				100%	0.1	2.4	n.a.	6	63
11. SH&C Life		■				50%	0.7	2.7	155	1	79
12. Shinhan Private Equity				■		100%	0.1	-1.0	n.a.	1	11
<b>Total</b>							<b>198.2</b>	<b>1,732.1</b>	<b>21,649</b>	<b>1,235</b>	<b>14,912</b>

Note 1) As of March 2006. Total Assets include trust account and AUM (Shinhan BNP + Chohung Invest)

Note 2) As of December 2005. Net income is of consolidated basis

### 2) Major Shareholders

(as of April 2006, based on 359,207,313 common shares)



(as of April 2006)

