



# 2006 1H Business Results

August 2006

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



SHINHAN FINANCIAL GROUP

# Disclaimer Statement

**The financial information contained in this presentation has not been completely audited by our external auditor. Therefore, no assurance is provided that our financial statements are fully accurate, and thus our final audited financial statements may differ from the provided figures in this presentation.**

**As of April 1, 2006, the newly integrated Shinhan Bank was launched, and the credit card business of Chohung Bank was spun-off and merged into Shinhan Card. From this first half and forward, figures for the banking and credit card businesses will be provided in an integrated-basis.**

**Please note that for comparison purposes past figures have been provided in pro forma basis.**

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

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# 2006 1H Business Highlights (1)

Income

Bank  
Sector

KRW956.6 bil. total income for 2006 1H (2Q, 524.4bil.),  
18.9% increase YoY

- Shinhan Bank KRW948.4 bil.(2Q, 519.4 bil.), approximately 18.7% increase YoY

Despite overheated competition for loans in the market, operating income increased based on moderate loan growth with stable margin.

- Net Interest Margin at 2.42%, improved by 9bp YoY

Non-Bank  
Sector

KRW277.3 bil. of net profit contributed by non-bank  
subsidiaries (2Q, KRW179.5 bil.), 318% increase YoY

- Continuing improvement of business performance by major non-bank subsidiaries:

1) Credit Card 120.1 bil., 2) Securities 61.2 bil., 3) Life Insurance 60.7bil., and 4) Capital 29.3 bil.

- 22.5% of SFG total net income contributed by non-bank subsidiaries, approximately 15%p up YoY

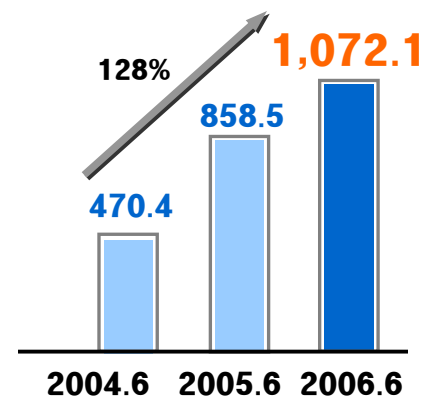
Group  
(Consolidated)

KRW1.07 tril. of net profit during 2006 1H  
(2Q, KRW 595.7 bil.), 25% increase YoY

- Interest income increased by 240.8 bil.(12.4% increase YoY), and Non- interest income increased by 76.3 bil. (14.8% YoY)
- Non-operating income increased by 131.2 billion (105.4 % YoY)
- Loan loss provision decreased by 38.8% (169.8 bil. YoY) based on further asset quality improvement

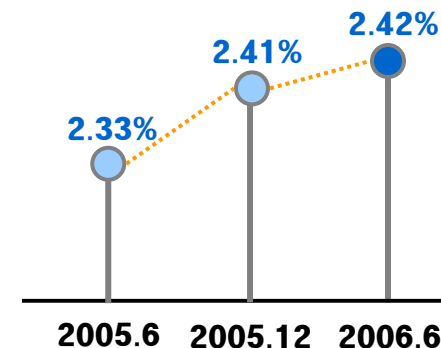
## SFG Net Income

(KRW billion)



## Bank NIM

(Accumulated basis)



# 2006 1H Business Highlights (2)

## Asset Growth

### SFG

Total Assets amounting KRW207 tril. as of June 2006, KRW13.3 tril. (6.9%) growth since end of Dec. 2005

- Bank subsidiaries KRW175 tril.(85% of SFG Total Assets), Non-Bank subsidiaries KRW32 tril.(15% of SFG Total Assets)

### Banks

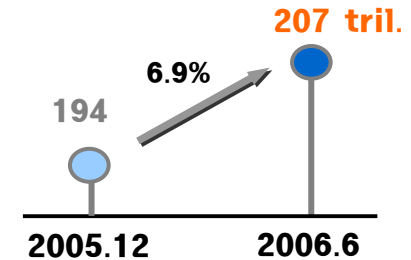
Total Assets amounting to KRW175 tril., 9.4 tril.(5.7%) increase from end of Dec. 2005

- Loan balance of Shinhan Bank totaling KRW87.5 tril., 3.4 tril.(4.0%) increase from end of Dec. 2005

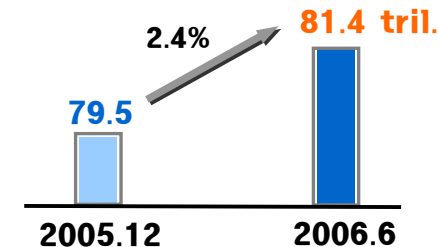
81.4 tril. loans in KRW and 6.1 tril. in foreign currencies, 2.4%, 30.7% respective increase from end of Dec. 2005

- Mortgages remain the core source of loan growth, while total retail loans show stable growth (6.9%)
- Increase in corporate loans including foreign currency loans, which increased by 1.3% due to continuing disintermediation of large corporations and tightening of risk management in SOHO loans.

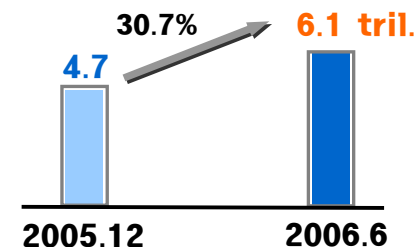
### SFG Total Assets



### Bank Loans (KRW)



### Bank Loans (Foreign Currency)

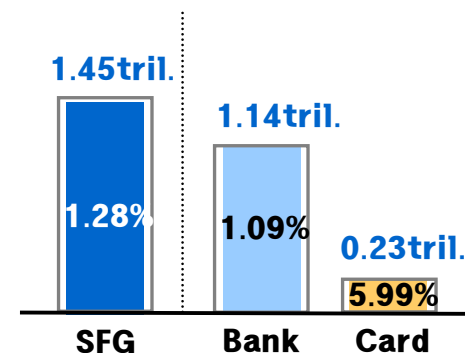


### Asset Quality

Group's NPL ratio at 1.28%, 0.17%p increase from 1.11% as end of Dec. 2005

- Shinhan Bank 1.09%, NPL Coverage 145%, figures similar to end of Dec. 2005
- Temporary rise of Shinhan Card's NPL Ratio after merger with CHB Card due to conservative asset classification. NPL coverage ratio currently maintaining healthy levels at 115%.

### NPL Balance & Ratio

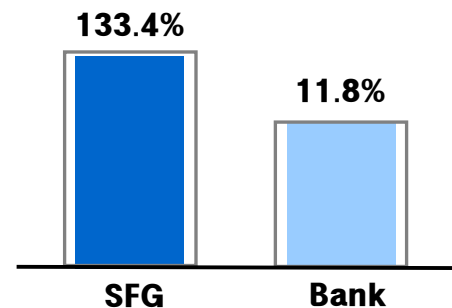


### Capital Adequacy

SFG Required Capital Adequacy Ratio at 133%, Shinhan Bank BIS Ratio at 11.8%

- Shinhan Bank Tier 1 ratio at 7.9% and Tier 2 ratio at 3.9%
  - Tier 1 increased based on moderate loan growth and steady growth in profit with stable margin.

### CAR



Note) Required Capital Adequacy Ratio for SFG, BIS Ratio for Banks

# **I. Income Statement Highlights**

- 1. Income of SFG**
- 2. Income of Subsidiaries (1)**
- 3. Income of Subsidiaries (2)**
- 4. Income of SHB**
- 5. Interest Income/NIM of SHB**
- 6. Non-Interest Income of SHB**
- 7. SG&A Expenses of SHB**

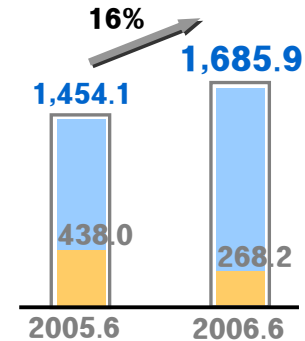
# 1. Income of SFG

## I. Income

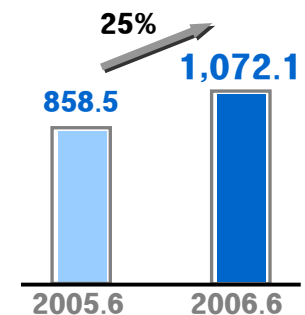
(KRW billion)

	2006 1H	2005 1H	YoY		2006 2Q	2006 1Q	QoQ		FY 2005
			Chg	Amt			Chg%	Chg	
Total Operating Income (a=b+c)	<b>2,779.2</b>	<b>2,462.1</b>	<b>317.1</b>	<b>12.9%</b>	<b>1,357.5</b>	<b>1,421.7</b>	<b>-64.2</b>	<b>-4.5%</b>	<b>5,107.0</b>
Interest Income (b)	<b>2,187.1</b>	<b>1,946.3</b>	<b>240.8</b>	<b>12.4%</b>	<b>1,073.6</b>	<b>1,113.5</b>	<b>-39.9</b>	<b>-3.6%</b>	<b>4,042.8</b>
Non-Interest Income (c)	<b>592.1</b>	<b>515.8</b>	<b>76.3</b>	<b>14.8%</b>	<b>283.9</b>	<b>308.2</b>	<b>-24.3</b>	<b>-7.9%</b>	<b>1,064.1</b>
SG&A Expenses (d)	<b>1,362.8</b>	<b>1,139.2</b>	<b>223.6</b>	<b>19.6%</b>	<b>699.0</b>	<b>663.7</b>	<b>35.3</b>	<b>5.3%</b>	<b>2,428.0</b>
Operating Income (e=a-d)	<b>1,416.4</b>	<b>1,322.9</b>	<b>93.5</b>	<b>7.1%</b>	<b>658.5</b>	<b>758.0</b>	<b>-99.5</b>	<b>-13.1%</b>	<b>2,679.0</b>
Non-Operating Income (f)	<b>269.5</b>	<b>131.2</b>	<b>138.3</b>	<b>105.4%</b>	<b>206.4</b>	<b>63.1</b>	<b>143.3</b>	<b>227.2%</b>	<b>234.9</b>
Pre-Provision Income (g=e+f)	<b>1,685.9</b>	<b>1,454.1</b>	<b>231.8</b>	<b>15.9%</b>	<b>864.8</b>	<b>821.0</b>	<b>43.8</b>	<b>5.3%</b>	<b>2,913.9</b>
Loan Loss Provision (h)	<b>268.2</b>	<b>438.0</b>	<b>-169.8</b>	<b>-38.8%</b>	<b>147.8</b>	<b>120.3</b>	<b>27.5</b>	<b>22.8%</b>	<b>902.7</b>
Earnings before Income Tax (i=g-h)	<b>1,417.7</b>	<b>1,016.1</b>	<b>401.6</b>	<b>39.5%</b>	<b>717.0</b>	<b>700.7</b>	<b>16.3</b>	<b>2.3%</b>	<b>2,011.2</b>
Net Income	<b>1,072.1</b>	<b>858.5</b>	<b>213.6</b>	<b>24.9%</b>	<b>595.7</b>	<b>476.4</b>	<b>119.4</b>	<b>25.1%</b>	<b>1,732.1</b>

### PPI/ Provision



### Group Net Income



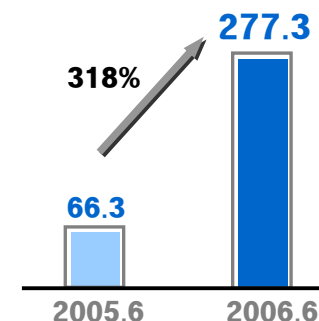
## 2. Income of Subsidiaries (1)

### I. Income

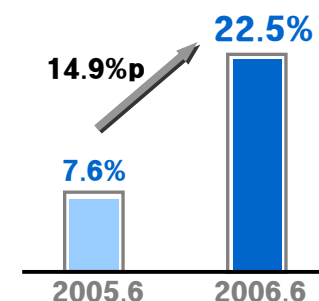
(KRW billion)

	Net Income [1]	Ownership [2]	Net Income [3=1*2]	Goodwill [4]	Consolidated Net Income [5=3+4]
Bank (a)	<b>961.6</b>		<b>956.6</b>	<b>-80.9</b>	<b>875.7</b>
Shinhan Bank <sup>3)</sup>	<b>948.4</b>	<b>100.0%</b>	<b>948.4</b>	<b>-81.1</b> <sup>1)</sup>	<b>867.3</b>
Jeju Bank	<b>13.2</b>	<b>62.4%</b>	<b>8.2</b>	<b>0.2</b> <sup>1)</sup>	<b>8.4</b>
Non-Bank (b)	<b>282.3</b>		<b>277.3</b>	<b>-43.3</b>	<b>234.0</b>
GMS Securities	<b>61.2</b>	<b>100.0%</b>	<b>61.2</b>	<b>-13.3</b> <sup>1)</sup>	<b>47.9</b>
Shinhan Life Insurance	<b>60.7</b>	<b>100.0%</b>	<b>60.7</b>	<b>-21.4</b> <sup>1)</sup>	<b>39.3</b>
Shinhan Card	<b>120.1</b>	<b>100.0%</b>	<b>120.1</b>	<b>-8.5</b> <sup>1)</sup>	<b>111.6</b>
Shinhan Capital	<b>29.3</b>	<b>100.0%</b>	<b>29.3</b>	<b>-0.1</b>	<b>29.2</b>
Shinhan BNPP Invest.	<b>4.4</b>	<b>50.0%</b>	<b>2.2</b>		<b>2.2</b>
SH&C Life Insurance	<b>2.9</b>	<b>50.0%</b>	<b>1.5</b>		<b>1.5</b>
SMFA	<b>2.7</b>	<b>51.0%</b>	<b>1.4</b>		<b>1.4</b>
Shinhan Credit Info.	<b>1.3</b>	<b>100.0%</b>	<b>1.3</b>		<b>1.3</b>
Shinhan Private Equity	<b>-0.3</b>	<b>100.0%</b>	<b>-0.3</b>		<b>-0.3</b>
SFG (c)				<b>-37.9</b> <sup>2)</sup>	<b>-37.9</b>
Total (d=a+b+c)	<b>1,243.9</b>		<b>1,234.1</b>	<b>-162.0</b>	<b>1,072.1</b>

### SFG Net Income (Non-Bank)



### Net Income Contributions of Non-Bank Subsidiaries



#### Notes:

1) Goodwill amortization: Shinhan Bank 38.2 bil., Shinhan Life Insurance 20.9 bil., GMS Securities 8.5 bil., Shinhan Card 7.5 bil.

2) SFG Expenses : Interest Expenses -15.1 bil., SG&A Expenses -23.0 bil., Non-Operating Income etc. 0.2 bil.

3) Pre-merger SHB's 1Q income is included in the above figures.

### 3. Income of Subsidiaries (2)\*

### I. Income

(KRW billion)

	2006 1H	2005 1H	YoY		2006 2Q	2006 1Q	QoQ			FY 2005
			Chg	Amt			Chg%	Chg	Amt	
Bank (a)	<b>956.6</b>	<b>804.3</b>	<b>152.3</b>	<b>18.9%</b>	<b>524.4</b>	<b>432.2</b>	<b>92.2</b>	<b>21.3%</b>	<b>1,537.8</b>	
Shinhan Bank	<b>948.4</b> <sup>1)</sup>	<b>798.8</b>	<b>149.6</b>	<b>18.7%</b>	<b>519.4</b>	<b>429.0</b>	<b>90.4</b>	<b>21.1%</b>	<b>1,530.9</b>	
Jeju Bank	<b>8.2</b>	<b>5.5</b>	<b>2.7</b>	<b>50.0%</b>	<b>5.0</b>	<b>3.2</b>	<b>1.7</b>	<b>53.8%</b>	<b>6.9</b>	
Non-Bank (b)	<b>277.3</b>	<b>66.3</b>	<b>211.0</b>	<b>318.0%</b>	<b>179.5</b>	<b>97.8</b>	<b>81.7</b>	<b>83.6%</b>	<b>194.8</b>	
GMS Securities	<b>61.2</b>	<b>18.0</b>	<b>43.2</b>	<b>240.0%</b>	<b>36.1</b>	<b>25.1</b>	<b>11.0</b>	<b>43.8%</b>	<b>87.3</b>	
Shinhan Life Insurance	<b>60.7</b>	-	<b>n.a.</b>	<b>n.a.</b>	<b>30.7</b>	<b>30.0</b>	<b>0.7</b>	<b>2.3%</b>	<b>6.1</b>	
Shinhan Card	<b>120.1</b>	<b>27.6</b>	<b>92.5</b>	<b>335.1%</b>	<b>103.6</b>	<b>16.5</b>	<b>87.1</b>	<b>n.a.</b>	<b>54.2</b>	
Shinhan Capital	<b>29.3</b>	<b>14.5</b>	<b>14.8</b>	<b>102.1%</b>	<b>8.1</b>	<b>21.2</b>	<b>-13.1</b>	<b>-61.8%</b>	<b>36.7</b>	
Shinhan BNPP Invest.	<b>2.2</b>	<b>1.7</b>	<b>0.5</b>	<b>29.4%</b>	<b>1.1</b>	<b>1.2</b>	<b>-0.1</b>	<b>-8.7%</b>	<b>3.7</b>	
SH&C Life Insurance	<b>1.5</b>	<b>1.3</b>	<b>0.2</b>	<b>11.5%</b>	<b>0.5</b>	<b>1.0</b>	<b>-0.6</b>	<b>-55.0%</b>	<b>2.7</b>	
SMFA	<b>1.4</b>	<b>2.3</b>	<b>-1.0</b>	<b>-41.3%</b>	<b>-1.2</b>	<b>2.6</b>	<b>-3.7</b>	<b>n.a.</b>	<b>2.7</b>	
Shinhan Credit Info.	<b>1.3</b>	<b>1.5</b>	<b>-0.2</b>	<b>-13.3%</b>	<b>0.8</b>	<b>0.5</b>	<b>0.3</b>	<b>60.0%</b>	<b>2.4</b>	
Shinhan Private Equity	<b>-0.3</b>	<b>-0.6</b>	<b>0.3</b>	<b>n.a.</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.1</b>	<b>n.a.</b>	<b>-1.0</b>	
SFG (c=a+b)	<b>1,234.1</b>	<b>870.6</b>	<b>363.4</b>	<b>41.7%</b>	<b>704.0</b>	<b>530.0</b>	<b>174.0</b>	<b>32.8%</b>	<b>1,732.6</b>	
Total	<b>1,072.1</b>	<b>858.5</b>	<b>213.6</b>	<b>24.9%</b>	<b>595.7</b>	<b>476.4</b>	<b>119.4</b>	<b>25.1%</b>	<b>1,732.1</b>	

Note 1) Including 1Q income of pre-merger SHB

\* Ownership of each subsidiary by SFG has been reflected in the above figures.

## 4. Income of SHB (Pro Forma basis)

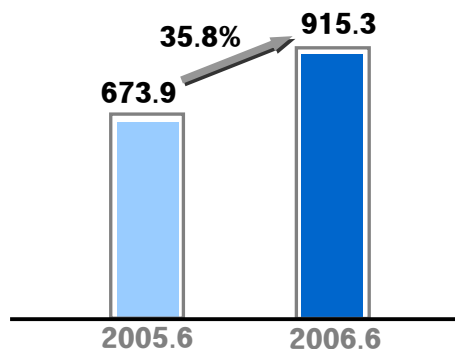
## I. Income

(KRW billion)

	2006 1H	2005 1H	YoY		2006 2Q	2006 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Total Operating Income (a=b+c)	<b>2,159.5</b>	<b>1,920.4</b>	<b>239.1</b>	<b>12.4%</b>	<b>1,047.1</b>	<b>1,112.4</b>	<b>-65.3</b>	<b>-5.9%</b>
Interest Income (b)	<b>1,656.6</b>	<b>1,504.9</b>	<b>151.7</b>	<b>10.1%</b>	<b>811.3</b>	<b>845.3</b>	<b>-34.0</b>	<b>-4.0%</b>
Non-Interest Income (c)	<b>503.0</b>	<b>415.6</b>	<b>87.4</b>	<b>21.0%</b>	<b>235.8</b>	<b>267.1</b>	<b>-31.3</b>	<b>-11.7%</b>
SG&A Expenses (d)	<b>1,022.6</b>	<b>852.8</b>	<b>169.8</b>	<b>19.9%</b>	<b>536.9</b>	<b>485.8</b>	<b>51.1</b>	<b>10.5%</b>
Operating Income (e=a-d)	<b>1,136.9</b>	<b>1,067.6</b>	<b>69.3</b>	<b>6.5%</b>	<b>510.2</b>	<b>626.7</b>	<b>-116.4</b>	<b>-18.6%</b>
Non-Operating Income (f)	<b>310.8</b>	<b>103.7</b>	<b>207.1</b>	<b>199.6%</b>	<b>275.1</b>	<b>35.7</b>	<b>239.5</b>	<b>671.6%</b>
Pre-Provision Income (g=e+f)	<b>1,447.7</b>	<b>1,171.4</b>	<b>276.3</b>	<b>23.6%</b>	<b>785.4</b>	<b>662.3</b>	<b>123.0</b>	<b>18.6%</b>
Loan Loss Provision (h)	<b>166.0</b>	<b>318.1</b>	<b>-152.1</b>	<b>-47.8%</b>	<b>80.3</b>	<b>85.6</b>	<b>-5.3</b>	<b>-6.2%</b>
Earnings before Income Tax (i=g-h)	<b>1,281.7</b>	<b>853.3</b>	<b>428.5</b>	<b>50.2%</b>	<b>705.0</b>	<b>576.7</b>	<b>128.3</b>	<b>22.3%</b>
Net Income	<b>915.3</b>	<b>673.9</b>	<b>241.4</b>	<b>35.8%</b>	<b>519.4</b>	<b>395.8</b>	<b>123.6</b>	<b>31.2%</b>

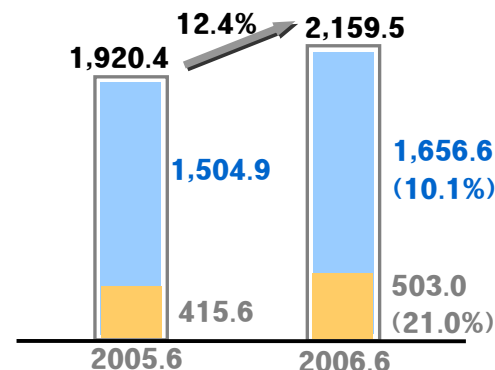
Note) Pro Forma basis: For comparison purposes, above figures have been provided in Pro Forma basis, assuming that the integration of SHB+CHB and spin off of credit card operations of CHB have occurred.

### Net Income



Note) Including 1Q Income of pre-merger Shinhan Bank and excluding that of CHB credit card business

### Interest Income + Non-Interest Income



Note) Parenthesis show increase YoY

# 5. Interest Income/NIM of SHB

## I. Income

### 1) Interest Income

(KRW billion)

	2006 1H	2005 1H	YoY		2006 2Q	2006 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Interest Revenue (a)	<b>3,692.1</b>	<b>3,226.9</b>	<b>465.2</b>	<b>14.4%</b>	<b>1,846.3</b>	<b>1,845.8</b>	<b>0.5</b>	<b>0.0%</b>
Loans	<b>3,099.8</b>	<b>2,701.3</b>	<b>398.5</b>	<b>14.8%</b>	<b>1,566.1</b>	<b>1,533.7</b>	<b>32.4</b>	<b>2.1%</b>
Securities & Others	<b>592.3</b>	<b>525.6</b>	<b>66.7</b>	<b>12.7%</b>	<b>280.2</b>	<b>312.1</b>	<b>-31.9</b>	<b>-10.2%</b>
Interest Expense (b)	<b>2,035.6</b>	<b>1,722.1</b>	<b>313.5</b>	<b>18.2%</b>	<b>1,035.1</b>	<b>1,000.5</b>	<b>34.6</b>	<b>3.5%</b>
Deposits	<b>1,235.9</b>	<b>1,118.3</b>	<b>117.6</b>	<b>10.5%</b>	<b>617.3</b>	<b>618.6</b>	<b>-1.3</b>	<b>-0.2%</b>
Debentures/Borrowings	<b>799.7</b>	<b>603.8</b>	<b>195.9</b>	<b>32.4%</b>	<b>417.8</b>	<b>381.9</b>	<b>35.8</b>	<b>9.4%</b>
Interest Income (a-b)	<b>1,656.6</b>	<b>1,504.9</b>	<b>151.7</b>	<b>10.1%</b>	<b>811.3</b>	<b>845.3</b>	<b>-34.1</b>	<b>-4.0%</b>

Note) Pro Forma basis

### 2) Net Interest Margin (Accumulated basis)

(Unit:%)

	2005.3	2005.6	2005.9	2005.12	2006.3	2006.6
NIM/NIS (FSS Reporting Basis)						
Net Interest Margin	<b>2.42</b>	<b>2.57</b>	<b>2.59</b>	<b>2.80</b>	<b>2.81</b>	<b>2.61<sup>1)</sup></b>
Net Interest Spread	<b>3.16</b>	<b>3.27</b>	<b>3.23</b>	<b>3.48</b>	<b>3.50</b>	<b>3.24</b>
NIM/NIS <sup>2)</sup>						
Interest Bearing Assets (KRW tril.)	<b>109.7</b>	<b>109.6</b>	<b>110.7</b>	<b>112.5</b>	<b>116.3</b>	<b>116.0</b>
Net Interest Margin	<b>2.27</b>	<b>2.33</b>	<b>2.35</b>	<b>2.41</b>	<b>2.42</b>	<b>2.42</b>
Net Interest Spread	<b>2.93</b>	<b>2.98</b>	<b>2.95</b>	<b>2.97</b>	<b>3.05</b>	<b>3.01</b>

Note 1) Starting from 2006 2Q, NIM fell due to the exclusion of CHB Card's Interest Income, reflecting the spin-off of credit card operations of CHB.

2) Excluding CHB credit card business and extraordinary factors

# 6. Non-Interest Income of SHB

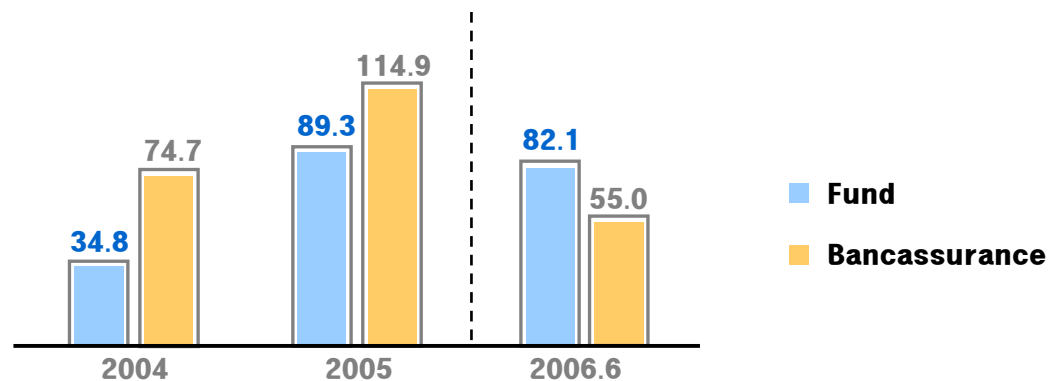
## I. Income

(KRW billion)

	2006 1H	2005 1H	YoY		2006 2Q	2006 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Non-Interest Income	<b>503.0</b>	<b>415.6</b>	<b>87.4</b>	<b>21.0%</b>	<b>235.9</b>	<b>267.1</b>	<b>-31.3</b>	<b>-11.7%</b>
Fees & Commissions	<b>387.0</b>	<b>357.0</b>	<b>30.0</b>	<b>8.4%</b>	<b>210.9</b>	<b>176.1</b>	<b>34.8</b>	<b>19.8%</b>
(Fund)	<b>(82.1)</b>	<b>(34.1)</b>	<b>(48.0)</b>	<b>(140.8%)</b>	<b>(41.6)</b>	<b>(40.5)</b>	<b>(1.1)</b>	<b>(2.7%)</b>
(Bancassurance)	<b>(55.0)</b>	<b>(55.2)</b>	<b>(-0.2)</b>	<b>(-0.4%)</b>	<b>(25.3)</b>	<b>(29.7)</b>	<b>(-4.4)</b>	<b>(-14.8%)</b>
Trust Fees	<b>20.8</b>	<b>21.7</b>	<b>-1.0</b>	<b>-4.4%</b>	<b>11.5</b>	<b>9.3</b>	<b>2.2</b>	<b>23.3%</b>
F/X Comm. & Others	<b>95.2</b>	<b>36.9</b>	<b>58.4</b>	<b>158.3%</b>	<b>13.5</b>	<b>81.7</b>	<b>-68.2</b>	<b>-83.5%</b>

Note) Pro Forma basis

### Fund/Bancassurance Fees & Commissions



## 7. SG&A Expenses of SHB

## I. Income

(KRW billion)

	2006 1H	2005 1H	YoY		2006 2Q	2006 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
SG&A Expenses	<b>1,022.6</b>	<b>852.8</b>	<b>169.8</b>	<b>19.9%</b>	<b>536.8</b>	<b>485.7</b>	<b>51.1</b>	<b>10.5%</b>
Labor Costs	<b>456.1</b>	<b>402.4</b>	<b>53.7</b>	<b>13.4%</b>	<b>222.3</b>	<b>233.8</b>	<b>-11.5</b>	<b>-4.9%</b>
Admin Expenses	<b>462.6</b>	<b>352.7</b>	<b>109.9</b>	<b>31.2%</b>	<b>260.7</b>	<b>201.9</b>	<b>58.8</b>	<b>29.1%</b>
D&A Costs	<b>74.9</b>	<b>68.7</b>	<b>6.2</b>	<b>9.0%</b>	<b>40.4</b>	<b>34.5</b>	<b>5.9</b>	<b>17.1%</b>
Taxes & Dues	<b>29.0</b>	<b>29.0</b>	<b>-</b>	<b>-0.1%</b>	<b>13.4</b>	<b>15.5</b>	<b>-2.1</b>	<b>-13.6%</b>

Note) Pro Forma basis

## **II. Balance Sheet Highlights**

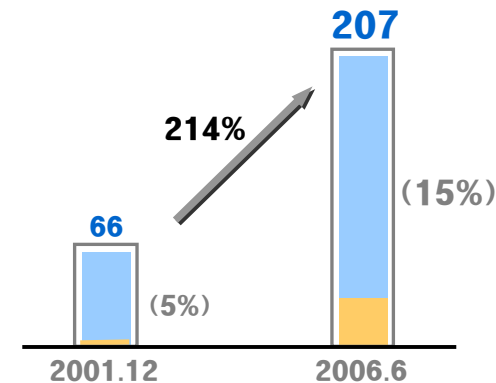
- 1. SFG Asset Growth(1)**
- 2. SFG Asset Growth(2)**
- 3. SHB Loan Growth**
- 4. SHB Deposits/Finance Debentures**
- 5. Shinhan Card**

### 1) SFG Total Assets

(KRW billion)

	2004.12	2005.12	2006.6	YTD	
				Chg Amt	Chg%
Bank	155,538	165,358	174,752	9,394	5.7%
Shinhan Bank	153,655	163,289	172,607	9,318	5.7%
Jeju Bank	1,883	2,069	2,145	76	3.7%
Non-Bank	18,255	27,085	31,736	4,651	17.2%
GMS Securities	2,955	3,883	3,689	-193	-5.0%
Shinhan Life Insurance	-	5,129	5,531	402	7.8%
Shinhan Card	1,470	1,532	3,446	1,914	124.9%
Shinhan Capital	1,321	1,401	1,519	119	8.5%
Shinhan BNPP Invest.	6,071	7,353	7,761	408	5.6%
SH Asset Mgmt	6,438	7,788	9,789	2,002	25.7%
Total Assets*	174,341	193,739	207,018	13,278	6.9%

### SFG/Non-Bank (KRW trillion)



Note) Parenthesis show contributions of Non-Banking Businesses

■ Bank  
■ Non-Bank

\* Note) Including AUM (Shinhan BNPP Invest. + SH Asset Mgmt.) and Trust A/C

### 2) SFG Consolidated Balance Sheet

(KRW billion)

	2006.6	2005.12	YTD		2006.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Loans (KRW)	85,512.4	83,197.9	2,314.5	2.8%	85,359.7	152.6	0.2%
Loans (FC)*	9,309.4	7,935.5	1,373.9	17.3%	7,834.5	1,474.9	18.8%
Securities	31,834.7	30,224.4	1,610.3	5.3%	31,059.7	775.0	2.5%
Credit Card	3,509.2	3,861.5	-352.3	-9.1%	3,515.8	-6.6	-0.2%
Fixed Assets	3,495.5	3,486.8	8.7	0.2%	3,480.2	15.2	0.4%
Others	37,452.8	31,511.8	5,941.0	18.9%	33,028.7	4,424.0	13.4%
<b>Total Assets</b>	<b>171,114.0</b>	<b>160,217.9</b>	<b>10,896.1</b>	<b>6.8%</b>	<b>164,278.7</b>	<b>6,835.3</b>	<b>4.2%</b>
Deposits (KRW)	86,534.2	87,888.0	-1,353.8	-1.5%	84,346.8	2,187.4	2.6%
Deposits (FC)	3,671.6	3,647.3	24.3	0.7%	3,649.3	22.3	0.6%
Debentures	44,583.2	38,756.5	5,826.7	15.0%	41,114.1	3,469.0	8.4%
Others	26,251.4	19,715.3	6,536.2	33.2%	25,601.3	650.1	2.5%
Shareholders' Equity	10,073.6	10,210.9	-137.3	-1.3%	9,567.3	506.3	5.3%
<b>Total Liabilities</b>	<b>171,114.0</b>	<b>160,217.9</b>	<b>10,896.1</b>	<b>6.8%</b>	<b>164,278.7</b>	<b>6,835.3</b>	<b>4.2%</b>

\* Loans (Foreign Currency): Loans in Foreign Currency + Offshore Loans in Foreign Currency + Due from Banks + Domestic Import Usance Bills

### 3. SHB Loan Growth

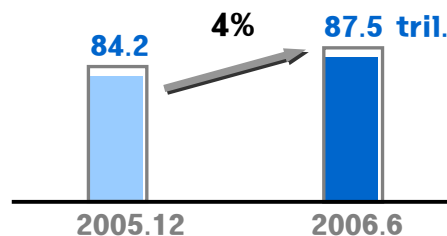
### II. Balance Sheet

(KRW billion)

	2006.6	2005.12 <sup>1)</sup>	YTD		2006.3 <sup>1)</sup>	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Loans in Won (A)	<b>81,389.4</b>	<b>79,450.9</b>	<b>1,938.5</b>	<b>2.4%</b>	<b>81,405.7</b>	<b>-16.2</b>	<b>0.0%</b>
Retail	<b>43,943.6</b>	<b>41,124.0</b>	<b>2,819.6</b>	<b>6.9%</b>	<b>42,455.5</b>	<b>1,488.2</b>	<b>3.5%</b>
Mortgage	<b>27,462.4</b>	<b>25,121.5</b>	<b>2,340.9</b>	<b>9.3%</b>	<b>26,314.1</b>	<b>1,148.3</b>	<b>4.4%</b>
Others	<b>16,481.2</b>	<b>16,002.5</b>	<b>478.7</b>	<b>3.0%</b>	<b>16,141.4</b>	<b>339.9</b>	<b>2.1%</b>
Corporate	<b>37,445.8</b>	<b>38,326.9</b>	<b>-881.1</b>	<b>-2.3%</b>	<b>38,950.2</b>	<b>-1,504.4</b>	<b>-3.9%</b>
SME	<b>30,909.0</b>	<b>31,004.5</b>	<b>-95.5</b>	<b>-0.3%</b>	<b>31,494.4</b>	<b>-585.4</b>	<b>-1.9%</b>
SOHO	<b>11,119.3</b>	<b>11,441.6</b>	<b>-322.3</b>	<b>-2.8%</b>	<b>11,354.6</b>	<b>-235.3</b>	<b>-2.1%</b>
Large Corp	<b>6,536.8</b>	<b>7,322.4</b>	<b>-785.6</b>	<b>-10.7%</b>	<b>7,455.8</b>	<b>-919.0</b>	<b>-12.3%</b>
Loans in Foreign Currency (B)	<b>6,141.4</b>	<b>4,699.4</b>	<b>1,442.0</b>	<b>30.7%</b>	<b>4,630.1</b>	<b>1,511.3</b>	<b>32.6%</b>
Total Loans (A+B)	<b>87,530.8</b>	<b>84,150.3</b>	<b>3,380.5</b>	<b>4.0%</b>	<b>86,035.8</b>	<b>1,495.1</b>	<b>1.7%</b>

Note 1) Pro Forma basis

### Total Loan Growth (YTD)



## 4. SHB Deposits/Finance Debentures

## II. Balance Sheet

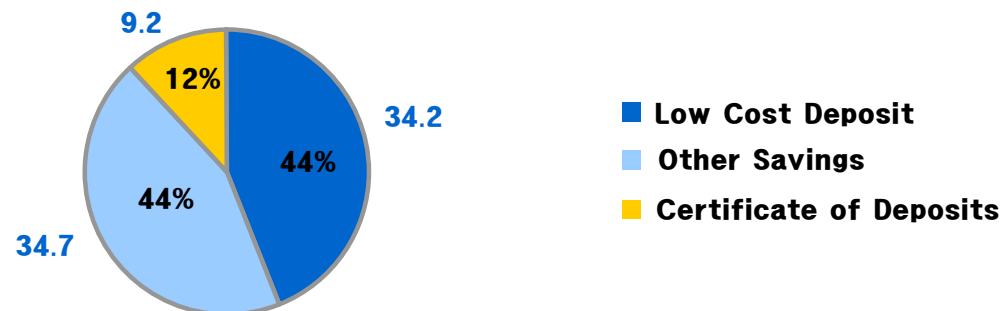
(KRW billion)

	2006.6	2005.12 <sup>1)</sup>	YTD		2006.3 <sup>1)</sup>	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Deposits in Won	<b>78,103.9</b>	<b>80,093.0</b>	<b>-1,989.1</b>	<b>-2.5%</b>	<b>77,790.7</b>	<b>313.2</b>	<b>0.4%</b>
Low Cost Deposit	<b>34,242.5</b>	<b>34,022.4</b>	<b>220.1</b>	<b>0.6%</b>	<b>34,579.9</b>	<b>-337.4</b>	<b>-1.0%</b>
Demands	<b>10,949.0</b>	<b>11,160.8</b>	<b>-211.8</b>	<b>-1.9%</b>	<b>11,027.8</b>	<b>-78.8</b>	<b>-0.7%</b>
Savings	<b>23,293.5</b>	<b>22,861.6</b>	<b>431.9</b>	<b>1.9%</b>	<b>23,552.1</b>	<b>-258.6</b>	<b>-1.1%</b>
Other Savings	<b>34,680.7</b>	<b>35,408.6</b>	<b>-727.9</b>	<b>-2.1%</b>	<b>34,709.1</b>	<b>-28.4</b>	<b>-0.1%</b>
Time Deposit	<b>27,272.8</b>	<b>27,226.0</b>	<b>46.8</b>	<b>0.2%</b>	<b>26,971.0</b>	<b>301.8</b>	<b>1.1%</b>
Other Deposit	<b>7,407.9</b>	<b>8,182.6</b>	<b>-774.7</b>	<b>-9.5%</b>	<b>7,738.1</b>	<b>-330.2</b>	<b>-4.3%</b>
Certificate of Deposits	<b>9,180.7</b>	<b>10,662.0</b>	<b>-1,481.3</b>	<b>-13.9%</b>	<b>8,501.7</b>	<b>679.0</b>	<b>8.0%</b>
Finance Debentures in Won	<b>19,158.3</b>	<b>18,056.8</b>	<b>1,101.5</b>	<b>6.1%</b>	<b>19,936.5</b>	<b>-778.2</b>	<b>-3.9%</b>

Note 1) Pro Forma basis

### Total Deposits in Won

(KRW trillion)

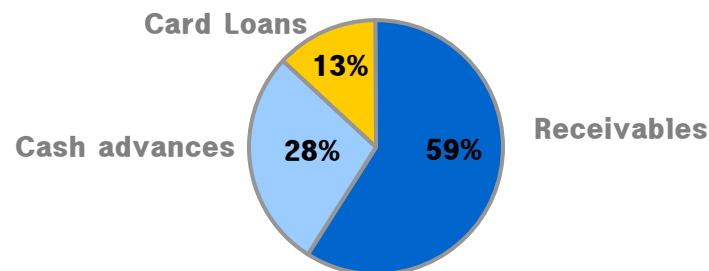


(KRW billion)

	2006.6	2005.12	YTD		2006.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Assets (Managed)	<b>3,882.4</b>	<b>4,220.7</b>	<b>-338.4</b>	<b>-8.0%</b>	<b>3,889.4</b>	<b>-7.0</b>	<b>-0.2%</b>
Receivables	<b>2,289.4</b>	<b>2,539.5</b>	<b>-250.1</b>	<b>-9.8%</b>	<b>2,277.7</b>	<b>11.8</b>	<b>0.5%</b>
(Purchase Card Assets)	<b>(187.7)</b>	<b>(462.5)</b>	<b>(-274.8)</b>	<b>(-59.4%)</b>	<b>(220.3)</b>	<b>(-32.6)</b>	<b>(-14.8%)</b>
Cash Advances	<b>1,077.8</b>	<b>1,135.6</b>	<b>-57.8</b>	<b>-5.1%</b>	<b>1,099.7</b>	<b>-21.9</b>	<b>-2.0%</b>
Card Loans	<b>515.2</b>	<b>545.7</b>	<b>-30.5</b>	<b>-5.6%</b>	<b>512.0</b>	<b>3.1</b>	<b>0.6%</b>
(Re-Aged Loans)	<b>(191.0)</b>	<b>(274.2)</b>	<b>(-83.2)</b>	<b>(-30.3%)</b>	<b>(235.2)</b>	<b>(-44.2)</b>	<b>(-18.8%)</b>
Sales Volume (Quarterly)	<b>6,652.4</b>	<b>6,655.9</b>	<b>-3.5</b>	<b>-0.1%</b>	<b>6,553.4</b>	<b>99.0</b>	<b>1.5%</b>
Lump-Sum	<b>3,759.0</b>	<b>3,534.1</b>	<b>224.9</b>	<b>6.4%</b>	<b>3,609.8</b>	<b>149.2</b>	<b>4.1%</b>
Installments	<b>922.1</b>	<b>955.0</b>	<b>-32.9</b>	<b>-3.4%</b>	<b>872.0</b>	<b>50.1</b>	<b>5.7%</b>
Cash Advances	<b>1,971.3</b>	<b>2,166.8</b>	<b>-195.5</b>	<b>-9.0%</b>	<b>2,071.6</b>	<b>-100.3</b>	<b>-4.8%</b>
Card Holders (thousands)	<b>6,036</b>	<b>5,666</b>	<b>370</b>	<b>6.5%</b>	<b>5,867</b>	<b>169</b>	<b>2.9%</b>
Merchants (thousands)	<b>3,369</b>	<b>3,181</b>	<b>188</b>	<b>5.9%</b>	<b>3,274</b>	<b>95</b>	<b>2.9%</b>

Note) Pro Forma basis: figures include performances of Shinhan Card and CHB Card before merger

### Assets Breakdown



## **III. Asset Quality Highlights**

- 1. Asset Quality of SFG**
- 2. Asset Quality of SHB**
- 3. Asset Quality of Shinhan Card**
- 4. Loan Loss Provision/Write-Off**

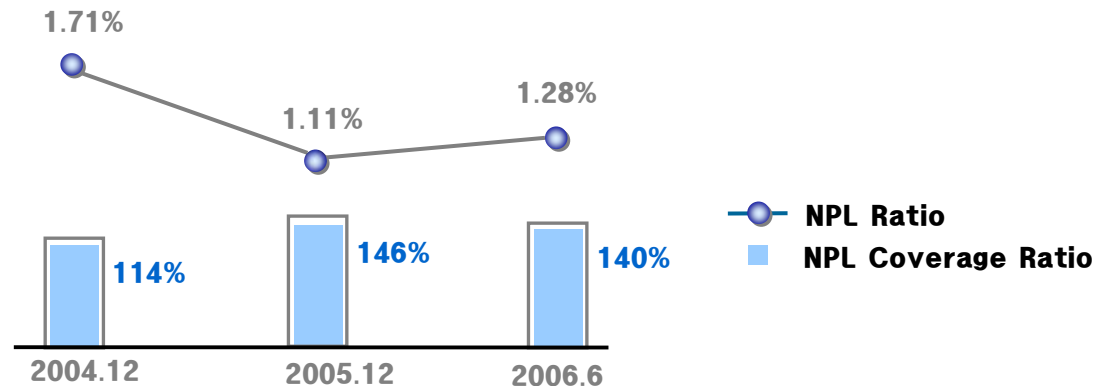
# 1. Asset Quality of SFG

## III. Asset Quality

(KRW billion)

	2006.6	2005.12	YTD		2006.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Loans	<b>113,196.6</b>	<b>109,005.5</b>	<b>4,191.2</b>	<b>3.8%</b>	<b>109,989.0</b>	<b>3,207.6</b>	<b>2.9%</b>
Normal	<b>109,954.5</b>	<b>105,645.8</b>	<b>4,308.7</b>	<b>4.1%</b>	<b>106,501.8</b>	<b>3,452.7</b>	<b>3.2%</b>
Precautionary	<b>1,793.8</b>	<b>2,149.2</b>	<b>-355.4</b>	<b>-16.5%</b>	<b>2,227.2</b>	<b>-433.4</b>	<b>-19.5%</b>
Substandard	<b>725.5</b>	<b>680.4</b>	<b>45.1</b>	<b>6.6%</b>	<b>697.3</b>	<b>28.2</b>	<b>4.0%</b>
Doubtful	<b>288.6</b>	<b>189.9</b>	<b>98.7</b>	<b>52.0%</b>	<b>211.2</b>	<b>77.4</b>	<b>36.7%</b>
Estimated Loss	<b>434.2</b>	<b>340.1</b>	<b>94.1</b>	<b>27.7%</b>	<b>351.6</b>	<b>82.7</b>	<b>23.5%</b>
Substandard & Below	<b>1,448.3</b>	<b>1,210.4</b>	<b>237.9</b>	<b>19.7%</b>	<b>1,260.1</b>	<b>188.3</b>	<b>14.9%</b>
NPL Ratio	<b>1.28%</b>	<b>1.11%</b>	<b>n.a.</b>	<b>0.17%p</b>	<b>1.15%</b>	<b>n.a.</b>	<b>0.13%p</b>
Loan Loss Reserves	<b>2,022.5</b>	<b>1,772.4</b>	<b>250.1</b>	<b>14.1%</b>	<b>1,939.5</b>	<b>83.0</b>	<b>4.3%</b>
NPL Coverage Ratio	<b>139.6%</b>	<b>146.4%</b>	<b>n.a.</b>	<b>-6.8%p</b>	<b>153.9%</b>	<b>n.a.</b>	<b>-14.3%p</b>

Note) Including assets of Shinhan Bank, Jeju Bank, Good Morning Shinhan Securities, Shinhan Life Insurance, Shinhan Card, and Shinhan Capital



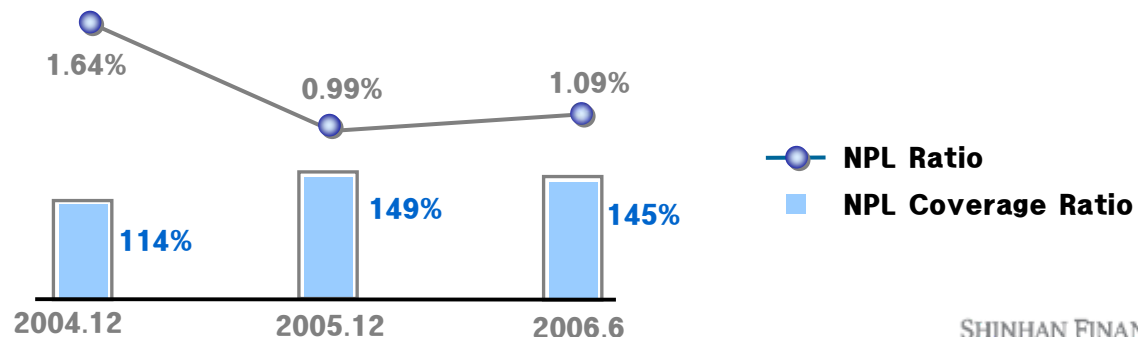
## 2. Asset Quality of SHB

## III. Asset Quality

(KRW billion)

	2006.6	2005.12 <sup>1)</sup>	YTD		2006.3 <sup>1)</sup>	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Loans	<b>104,774.1</b>	<b>100,333.7</b>	<b>4,440.4</b>	<b>4.4%</b>	<b>101,621.0</b>	<b>3,153.1</b>	<b>3.1%</b>
Normal	<b>102,014.3</b>	<b>97,466.5</b>	<b>4,547.8</b>	<b>4.7%</b>	<b>98,578.9</b>	<b>3,435.4</b>	<b>3.5%</b>
Precautionary	<b>1,619.1</b>	<b>1,878.2</b>	<b>-259.1</b>	<b>-13.8%</b>	<b>1,999.1</b>	<b>-380.0</b>	<b>-19.0%</b>
Substandard	<b>709.7</b>	<b>662.4</b>	<b>47.3</b>	<b>7.1%</b>	<b>675.2</b>	<b>34.5</b>	<b>5.1%</b>
Doubtful	<b>138.0</b>	<b>86.6</b>	<b>51.4</b>	<b>59.4%</b>	<b>120.4</b>	<b>17.6</b>	<b>14.6%</b>
Estimated Loss	<b>293.0</b>	<b>240.0</b>	<b>53.0</b>	<b>22.1%</b>	<b>247.5</b>	<b>45.5</b>	<b>18.4%</b>
Substandard & Below	<b>1,140.7</b>	<b>989.0</b>	<b>151.7</b>	<b>15.3%</b>	<b>1,043.1</b>	<b>97.6</b>	<b>9.4%</b>
NPL Ratio	<b>1.09%</b>	<b>0.99%</b>	<b>n.a.</b>	<b>0.10%p</b>	<b>1.03%</b>	<b>n.a.</b>	<b>0.1%p</b>
Loan Loss Reserves	<b>1,657.0</b>	<b>1,471.6</b>	<b>185.4</b>	<b>12.6%</b>	<b>1,652.1</b>	<b>4.9</b>	<b>0.3%</b>
NPL Coverage Ratio	<b>145.3%</b>	<b>148.8%</b>	<b>n.a.</b>	<b>-3.5%p</b>	<b>158.4%</b>	<b>n.a.</b>	<b>-13.1%p</b>
Write-off (Quarterly)	<b>13.0</b>	<b>75.0</b>			<b>32.2</b>		
Delinquency Ratio	<b>1.01%</b>	<b>0.92%</b>		<b>0.09%p</b>	<b>1.02%</b>		<b>0.00%p</b>
Retail	<b>0.85%</b>	<b>0.77%</b>		<b>0.08%p</b>	<b>0.86%</b>		<b>-0.01%p</b>
Mortgage	<b>0.37%</b>	<b>0.35%</b>		<b>0.02%p</b>	<b>0.40%</b>		<b>-0.03%p</b>
Others	<b>1.64%</b>	<b>1.40%</b>		<b>0.24%p</b>	<b>1.57%</b>		<b>0.07%p</b>
Corporate	<b>1.69%</b>	<b>1.29%</b>	<b>n.a.</b>	<b>0.40%p</b>	<b>1.40%</b>	<b>n.a.</b>	<b>0.29%p</b>
SME	<b>1.73%</b>	<b>1.55%</b>		<b>0.18%p</b>	<b>1.68%</b>		<b>0.05%p</b>
SOHO	<b>1.93%</b>	<b>1.53%</b>		<b>0.40%p</b>	<b>1.85%</b>		<b>0.08%p</b>
Large Corp	<b>1.51%</b>	<b>0.01%</b>		<b>1.50%p</b>	<b>0.00%</b>		<b>1.51%p</b>

Note 1) Pro Forma basis



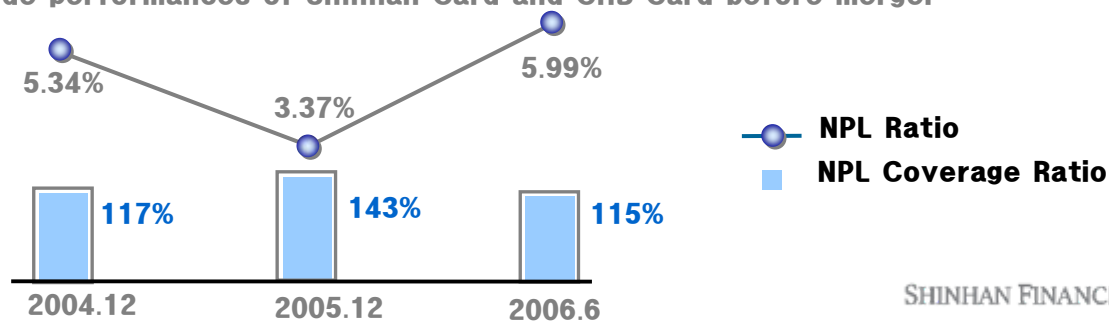
### 3. Asset Quality of Shinhan Card

### III. Asset Quality

(KRW billion)

	2006.6	2005.12	YTD		2006.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Assets (Managed)	<b>3,882.4</b>	<b>4,220.7</b>	<b>-338.4</b>	<b>-8.0%</b>	<b>3,889.4</b>	<b>-7.0</b>	<b>-0.2%</b>
Normal	<b>3,532.9</b>	<b>3,869.8</b>	<b>-337.0</b>	<b>-8.7%</b>	<b>3,585.5</b>	<b>-52.6</b>	<b>-1.5%</b>
Precautionary	<b>116.9</b>	<b>208.5</b>	<b>-91.6</b>	<b>-43.9%</b>	<b>170.3</b>	<b>-53.4</b>	<b>-31.4%</b>
Substandard	<b>-</b>	<b>1.0</b>	<b>-1.0</b>	<b>n.a.</b>	<b>0.5</b>	<b>-0.5</b>	<b>n.a.</b>
Doubtful	<b>142.3</b>	<b>92.7</b>	<b>49.6</b>	<b>53.5%</b>	<b>79.7</b>	<b>62.6</b>	<b>78.4%</b>
Estimated Loss	<b>90.3</b>	<b>48.8</b>	<b>41.6</b>	<b>85.3%</b>	<b>53.3</b>	<b>37.0</b>	<b>69.4%</b>
Substandard & Below	<b>232.6</b>	<b>142.4</b>	<b>90.2</b>	<b>63.3%</b>	<b>133.6</b>	<b>99.1</b>	<b>74.2%</b>
NPL Ratio	<b>5.99%</b>	<b>3.37%</b>	<b>n.a.</b>	<b>2.62%p</b>	<b>3.43%</b>	<b>n.a.</b>	<b>2.6%p</b>
Loan Loss Reserves (Managed)	<b>267.6</b>	<b>204.2</b>	<b>63.4</b>	<b>31.0%</b>	<b>188.1</b>	<b>79.5</b>	<b>42.3%</b>
NPL Coverage Ratio	<b>115.0%</b>	<b>143.4%</b>	<b>n.a.</b>	<b>-28.4%p</b>	<b>140.8%</b>	<b>n.a.</b>	<b>-25.8%p</b>
NPL Sales	<b>-</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>
ABS Issuance (Quarterly)	<b>-</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>
Write-Off (Quarterly)	<b>43.9</b>	<b>74.8</b>	<b>-30.9</b>	<b>-41.3%</b>	<b>45.7</b>	<b>-1.8</b>	<b>-3.9%</b>
Assets	<b>3,882.4</b>	<b>4,220.8</b>	<b>-338.4</b>	<b>-8.0%</b>	<b>3,889.4</b>	<b>-7.0</b>	<b>-0.2%</b>
Delinquent Amount (1day and over)	<b>200.3</b>	<b>150.6</b>	<b>49.7</b>	<b>33.0%</b>	<b>144.4</b>	<b>55.9</b>	<b>38.7%</b>
Less than 1M	<b>83.0</b>	<b>54.5</b>	<b>28.5</b>	<b>52.2%</b>	<b>48.0</b>	<b>34.9</b>	<b>72.8%</b>
1M and Over	<b>117.3</b>	<b>96.1</b>	<b>21.2</b>	<b>22.1%</b>	<b>96.4</b>	<b>21.0</b>	<b>21.7%</b>
Delinquency Ratio (1day and over)	<b>5.16%</b>	<b>3.57%</b>	<b>n.a.</b>	<b>1.59%p</b>	<b>3.71%</b>	<b>n.a.</b>	<b>1.45%p</b>
Less than 1M	<b>2.14%</b>	<b>1.29%</b>	<b>n.a.</b>	<b>0.85%p</b>	<b>1.23%</b>	<b>n.a.</b>	<b>0.90%p</b>
1M and Over	<b>3.02%</b>	<b>2.28%</b>	<b>n.a.</b>	<b>0.75%p</b>	<b>2.48%</b>	<b>n.a.</b>	<b>0.54%p</b>

Note) Pro Forma basis: figures include performances of Shinhan Card and CHB Card before merger



# 4. Loan Loss Provision/Write-Off

## III. Asset Quality

### 1) Loan Loss Provision

(KRW billion)

	FY2004		FY2005		FY2006	
	1Q	2Q	1Q	2Q	1Q	2Q
<b>Shinhan Bank*</b>						
Retail	482.4	85.0	275.1	87.7	178.9	266.6
Corporate	253.6	75.7	395.8	-3.6	-89.1	-92.6
Sub-Total	736.0	160.7	670.9	84.2	89.8	174.0
<b>Shinhan Card**</b>	690.6	69.0	249.4	67.6	31.7	99.3
<b>Total</b>	<b>1,426.6</b>	<b>229.7</b>	<b>920.3</b>	<b>151.8</b>	<b>121.5</b>	<b>273.3</b>

\* Shinhan Bank + Chohung Bank before merger / \*\* Shinhan Card + credit card business of CHB before merger

### 2) Write-Off

(KRW billion)

	FY2004		FY2005		FY2006	
	1Q	2Q	1Q	2Q	1Q	2Q
<b>Shinhan Bank*</b>						
Retail	538.7	70.5	246.7	6.0	34.5	40.5
Corporate	381.6	48.7	197.3	7.0	25.6	32.6
Sub-Total	920.3	119.2	444.0	13.0	60.1	73.1
<b>Shinhan Card**</b>	897.5	96.8	353.2	43.9	45.7	89.6
<b>Total</b>	<b>1,817.8</b>	<b>216.0</b>	<b>797.2</b>	<b>56.9</b>	<b>105.8</b>	<b>162.7</b>

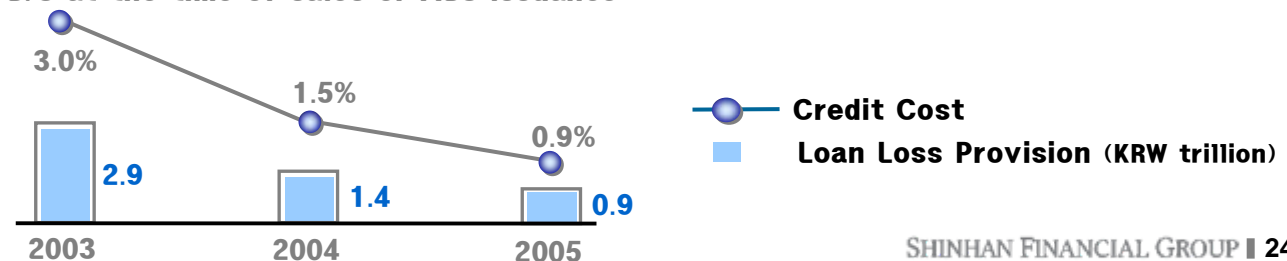
\* Shinhan Bank + Chohung Bank before merger / \*\* Shinhan Card + credit card business of CHB before merger

### 3) NPL Sales/ABS Issuance\*

(KRW billion)

	FY2004		FY2005		FY2006	
	1Q	2Q	1Q	2Q	1Q	2Q
<b>Shinhan Bank</b>	680.9	205.6	476.8	-	-	-
<b>Shinhan Card</b>	-	0.9	0.9	-	-	-

\* based on balance outstanding on B/S at the time of sales or ABS issuance



## **IV. Capital Adequacy Highlights**

### **1. Capital Adequacy of SFG and SHB**

### 1) Required Capital Adequacy Ratio of SFG

(KRW billion)

	2006.6(e)	2005.12	YTD		2006.3	QoQ	
			Chg Amt	Chg %		Chg Amt	Chg%
Net Capital (a)	<b>11,925.8</b>	<b>11,434.0</b>	<b>491.8</b>	<b>4.3%</b>	<b>11,581.3</b>	<b>344.5</b>	<b>3.0%</b>
Required Capital (b)	<b>8,941.6</b>	<b>8,609.1</b>	<b>332.5</b>	<b>3.9%</b>	<b>8,794.4</b>	<b>147.2</b>	<b>1.7%</b>
Required Capital Ratio (a/b)	<b>133.4%</b>	<b>132.8%</b>	<b>n.a.</b>	<b>0.6%p</b>	<b>131.7%</b>	<b>n.a.</b>	<b>1.7%p</b>

Note) Minimum guideline by FSS is 100%

### 2) Shinhan Bank\*

(KRW billion)

	2006.6(e)	2005.12	YTD		2006.3	QoQ	
			Chg Amt	Chg %		Chg Amt	Chg%
Risk-Weighted Assets	<b>101,698.1</b>	<b>99,255.3</b>	<b>2,442.8</b>	<b>2.5%</b>	<b>100,856.5</b>	<b>841.6</b>	<b>0.8%</b>
Tier 1 Capital	<b>8,053.6</b>	<b>7,349.6</b>	<b>704.0</b>	<b>9.6%</b>	<b>7,765.3</b>	<b>288.3</b>	<b>3.7%</b>
Tier 2 Capital	<b>3,955.9</b>	<b>4,202.3</b>	<b>-246.4</b>	<b>-5.9%</b>	<b>4,073.9</b>	<b>-118.0</b>	<b>-2.9%</b>
BIS Ratio	<b>11.8%</b>	<b>11.6%</b>	<b>n.a.</b>	<b>0.2%p</b>	<b>11.7%</b>	<b>n.a.</b>	<b>0.1%p</b>
Tier 1 Ratio	<b>7.9%</b>	<b>7.4%</b>	<b>n.a.</b>	<b>0.5%p</b>	<b>7.7%</b>	<b>n.a.</b>	<b>0.2%p</b>
Tier 2 Ratio	<b>3.9%</b>	<b>4.2%</b>	<b>n.a.</b>	<b>-0.3%p</b>	<b>4.0%</b>	<b>n.a.</b>	<b>-0.1%p</b>

\* Shinhan Bank + Chohung Bank before merger

## **V. Key Financial Ratios**

### **1. Key Financial Ratios of SFG and SHB**

# 1. Key Financial Ratios of SFG and SHB

## V. Key Financial Ratios

	FY 2004	2005 1Q	2005 1H	2005 3Q	FY 2005	2006 1Q	2006 1H
SFG							
ROA	0.77%	1.07%	1.16%	1.12%	1.14%	1.19%	1.31%
ROE	15.82%	20.70%	22.20%	21.04%	20.97%	19.68%	21.89%
BVPS (KRW)	19,006	18,402	19,976	21,556	23,991	23,164	24,238
EPS (KRW)	2,577	3,872	4,247	4,152	4,099	4,715	5,243
Cost / Income	43.4%	45.5%	44.8%	45.9%	47.6%	46.7%	49.0%
Shinhan Bank							
ROA	0.81%	1.01%	1.17%	1.09%	1.09%	1.19%	1.32%
ROE	18.00%	21.75%	23.93%	21.66%	20.72%	20.70%	22.65%
Loan / Deposit	96.7%	97.7%	97.1%	94.3%	99.2%	104.7%	104.2%
Cost / Income	39.3%	45.6%	41.9%	41.7%	43.7%	42.1%	46.5%
NPL	1.64%	1.70%	1.28%	1.21%	1.05%	1.09%	1.09%

## **VI. Appendix**

### **1. Investment Securities of SHB**

# 1. Investment Securities of SHB

## VI. Appendix

(As of June 2006)

	Shares (thousands)	Ownership	Acquisition Cost/Share (KRW)	Book Value/Share (KRW)	Valuation Gain (KRW billion)
Hynix	27,979	6.2%	3,862	30,750	752.3
LG Card	8,960	7.1%	7,156	36,564	263.5
SFG*	8,985	2.5%	16,050	44,500	255.6
Hyundai Eng. & Con.	5,527	5.1%	26,051	40,686	80.9
SK Network (common shares)	22,615	9.8%	4,948	10,178	118.3
Ssangyong Cement	10,000	12.5%	9,520	11,700	21.8
Daewoo Eng. & Con.	8,908	2.6%	3,701	13,500	87.3
Daewoo International	1,523	1.6%	3,405	33,800	46.3
Ssangyong Eng. & Con.	1,365	6.3%	4,230	12,000	10.6
<b>Total</b>					<b>1,645.6</b>

\*Treasury shares of SFG (consolidated basis)