

FY2006 Business Results

February 2007

*“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. Please note that for comparison purposes, figures for the banking and credit card businesses have been provided in an integrated (pro forma) basis.

This presentation material is available on our website (www.shinhangroup.com).





[Notification] Revision in accounting treatment based on new authentic interpretation

- Highlights of Accounting Revision (Financial Supervisory Service)

→ Related to recognition of gains from securities disposed by a subsidiary company following an acquisition by a parent company.

(Before) A subsidiary company's gains from sales of available-for-sale ("AFS") securities (sales price-initial price by subsidiary) after being acquired are posted as gains from sales of AFS securities on a consolidated basis

(After) Consolidated gains from sales of AFS securities after being acquired as a subsidiary company are readjusted based on the consolidated purchase price (fair price at the time of acquisition)

- Revision Effect

→ KRW217.2 bil. of unappropriated retained earnings accumulated during the period 2003 to 2005 was re-categorized as capital adjustment, and 2005 F/S was restated reflecting such changes in accounting standards

(KRW Billion)

	Retained Earnings	Capital Adjustment	Effect on Net Assets	Changes (Retained Earnings → Capital Adjustment)
Before FY2004	△45.9	45.9	-	-
FY2005	△171.3	171.3	-	Bonds in KRW 90.0, Equity in KRW 81.3 (Hynix 56.2)
FY2006	△26.0	26.0	-	Equity in KRW 26.0 (Hynix 15.5, Daewoo Eng.&Con 8.5)



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FY2006 Earnings Highlights (1) - Income

Group

Accumulated net income of 1.83 tril. for 2006, a 17.4% increase from 1.56 tril. in 2005. 250.5 bil. for 4Q, a 50.9% decrease QoQ

- Total gains on equity basis amounts to KRW2.18 tril., yet deductions include Goodwill Amortization of KRW150.2 bil. on a consolidated basis (68.8 bil. for Bank, 41.8 bil. for Life Insurance, 22.6 bil. for Credit Card, 17.0 bil. for Securities), 96.3 bil. of gains from sales of SFG shares etc., and SFG expenses of 84.6 bil.

Bank

Accumulated Net Income of KRW1.67 tril. for 2006 (247.1 bil. for 4Q), an 8.5% increase YoY

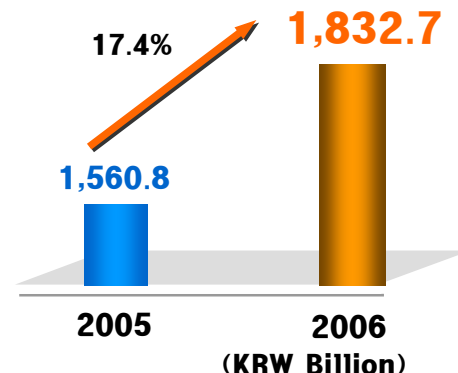
- For Shinhan Bank, 1.66 tril. (249.1 bil. for 4Q), an 8.4% increase YoY
- Net Interest Margin (accumulated) at 2.38%, a 3bp decrease YoY
Rose 3bp to 2.36% during 4Q

Non-Bank

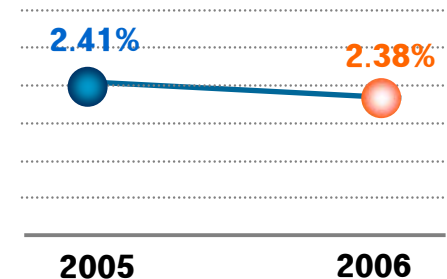
Accumulated Net Income of KRW512.4 bil. (94.9 bil. for 4Q), 163% increase YoY

- Continuing improvement of business performance of major non-bank businesses: Credit Card 232.1 bil.(4Q, 45.0 bil.), Life Insurance 121.5 bil.(4Q, 24.3 bil.), Securities 96.2 bil., Capital 48.3 bil.
- 23.5% of the Group's total net income contributed by non-bank subsidiaries, a 12.3%p increase from 11.2% in Dec. 2005

SFG Net Income (Accumulated)



Bank NIM (Accumulated)





FY2006 Earnings Highlights (2) - Asset Growth

Group

Total Assets of KRW216 tril. as of Dec. 2006, a 22.6 tril.(11.7%) increase from end of Dec. 2005

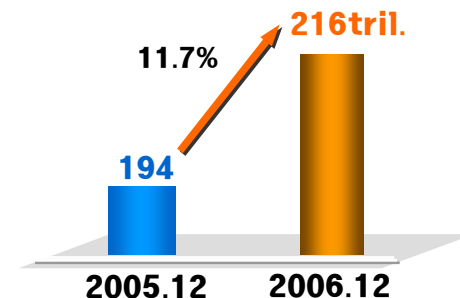
- 179 tril. for Bank Subsidiaries (83% of SFG Total Assets), 37 tril. for Non-Bank Subsidiaries (17% of SFG Total Assets)

Bank

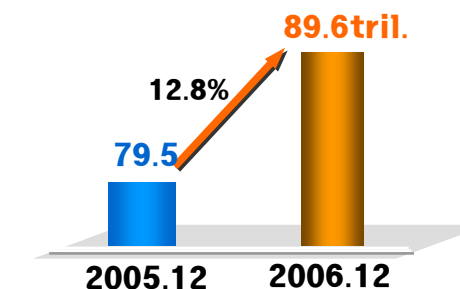
KRW179 tril. of Total Assets for Bank Sector as of Dec. 2006, a 14.1 tril.(8.5%) increase from end of Dec. 2005

- Loan balance (KRW + Foreign Currency) of Shinhan Bank totaling 96.7 tril., a 12.5tril.(14.9%) increase from end of Dec. 2005
By types, 10.1 tril.(12.8%) and 2.4 tril.(50.4%) respective increase in Loans in Won and Loans in foreign currencies, from end of Dec. 2005
- Mortgages remain the core source of loan growth, while total retail loans increased 6.8 tril.(16.6%) from Dec. 2005
Corporate loans (KRW + Foreign Currency) increased by 5.7 tril.(13.2%) from end of Dec. 2005

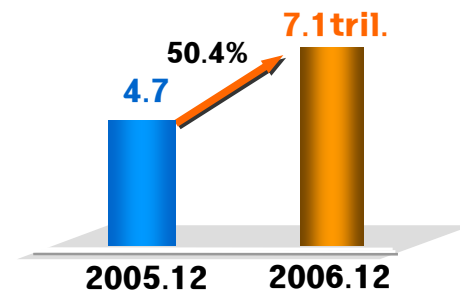
SFG Total Assets



Bank Loans (KRW)



Bank Loans (Foreign Currency)





FY2006 Earnings Highlights (3) – Asset Quality & Capital Adequacy

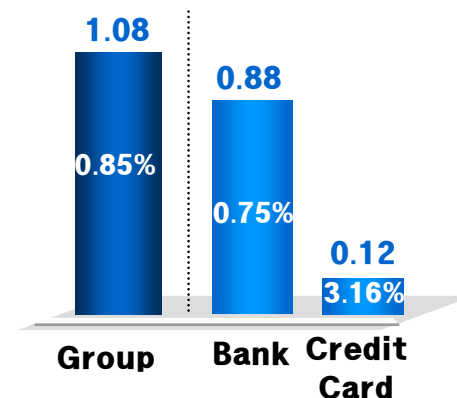
Asset Quality

**Group's NPL Ratio at 0.85%,
a 0.26%p decrease from end of Dec. 2005**

- Shinhan Bank's NPL ratio at 0.75%, and NPL Coverage at 184% – maintaining top levels of asset quality in the financial industry
- Shinhan Card's NPL Ratio at 3.16%, NPL Coverage Ratio at 171% – asset quality figures that have been temporarily aggravated after merger with CHB Card have shown great improvement (NPL ratio at 4.70%, end of Sept.)

NPL Balance & Ratio

(KRW Trillion)

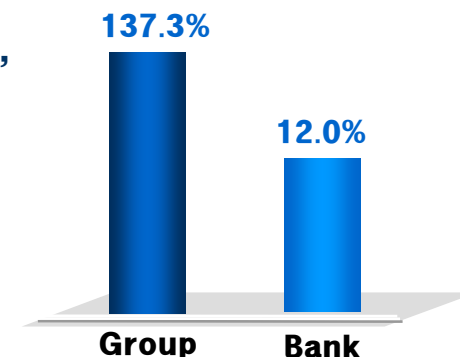


Capital Adequacy

**SFG Required Capital Adequacy Ratio at 137.3%(E),
Shinhan Bank BIS Ratio at 12.0%**


- Shinhan Bank's Tier 1 Ratio at 7.8% and Tier 2 Ratio at 4.2%

Capital Adequacy Ratio



Note) Required Capital Adequacy for the Group, BIS ratio for Bank.

I. Income Statement Highlights

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

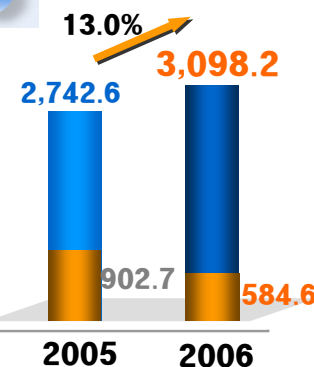


1. Income of SFG

I. Income Statement Highlights

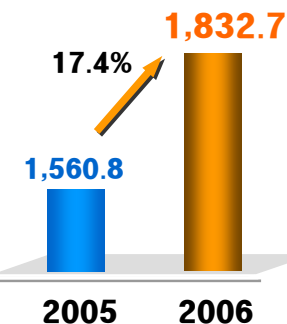
(KRW Billion)

PPI/Provision



■ Pre Provision Income
■ Provision

Group Net Income



2005 2006

	FY 2006	FY 2005	YoY		2006 4Q	2006 3Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Total Operating Income (a=b+c)	5,454.1	5,107.0	347.1	6.8%	1,339.7	1,335.2	4.6	0.3%
Interest Income (b)	4,469.2	4,042.8	426.4	10.5%	1,159.3	1,122.7	36.6	3.3%
Non-Interest Income (c)	984.9	1,064.1	-79.2	-7.4%	180.4	212.4	-32.0	-15.1%
SG&A Expenses (d)	2,839.5	2,428.0	411.5	16.9%	814.4	662.3	152.0	23.0%
Operating Income (e=a-d)	2,614.6	2,679.0	-64.4	-2.4%	525.4	672.8	-147.5	-21.9%
Non-Operating Income (f)	483.6	63.6	420.0	659.9%	108.2	105.9	2.3	2.2%
Pre-Provision Income (g=e+f)	3,098.2	2,742.6	355.6	13.0%	633.6	778.8	-145.1	-18.6%
Loan Loss Provision (h)	584.6	902.7	-318.1	-35.2%	266.0	50.4	215.7	428.3%
Earnings before Income Tax (i=g-h)	2,513.7	1,839.9	673.8	36.6%	367.6	728.4	-360.8	-49.5%
Net Income	1,832.7	1,560.8 ¹⁾	272.0	17.4%	250.5	510.1	-259.6	-50.9%

Note1) Revised for comparison purposes following reclassification of accounts



2. Income by Subsidiaries (1)

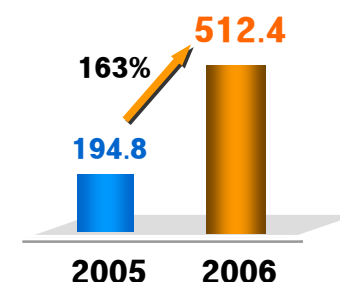
I. Income Statement Highlights

(KRW Billion)

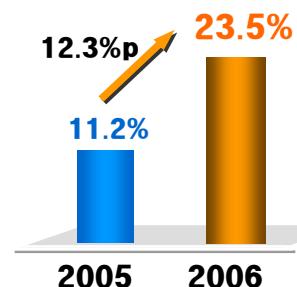
	Net Income [1]	Ownership [2]	Net Income [3=1*2]	Goodwill [4]	Consolidated Net Income [5=3+4]
Bank (a)	1,673.4		1,668.0	-158.1	1,509.8
Shinhan Bank ³⁾	1,659.2	100.0%	1,659.2	-158.7 ¹⁾	1,500.5
Jeju Bank	14.2	62.4%	8.8	0.6 ¹⁾	9.4
Non-Bank (b)	522.2		512.4	-105.0	407.4
GMSH Securities	96.2	100.0%	96.2	-21.4 ¹⁾	74.8
Shinhan Life Insurance	121.5	100.0%	121.5	-56.6 ¹⁾	64.9
Shinhan Card	232.1	100.0%	232.1	-24.0 ¹⁾	208.1
Shinhan Capital	48.3	100.0%	48.3		48.3
Shinhan BNPP Invest	8.6	50.0%	4.3		4.3
SH&C Life Insurance	9.3	50.0%	4.6	-2.9	1.7
SMFA	1.6	51.0%	0.8	-0.1	0.7
Shinhan Credit Info	2.8	100.0%	2.8		2.8
Shinhan Private Equity	1.8	100.0%	1.8		1.8
SFG (c)				-84.6 ²⁾	-84.6
Total (d=a+b+c)	2,195.6		2,180.4	-347.7	1,832.7

SFG Net Income

(Non-Bank)



Net Income Contributions of Non-Bank Subsidiaries



Notes:

- 1) Goodwill Amortization:** Shinhan Bank, 68.8 bil., GMSH Securities 17.0 bil., Shinhan Life Insurance 41.8 bil., Shinhan Card 22.6 bil., Jeju Bank, -0.7 bil.
Cancellations of gains from sales of SFG shares previously held by Shinhan Bank, 91.7 bil., and by GMSH Securities, 4.6 bil.
- 2) SFG Expenses:** Interest Expenses -49.0 bil., SG&A Expenses -47.5 bil., Non-Operating Income etc. 11.9 bil.
- 3) Pre-Merger SHB's 1Q income is included**

Note) Reflecting Ownership by SFG



3. Income by Subsidiaries (2)

I. Income Statement Highlights

(KRW Billion)

(Reflecting Ownership by SFG)	FY 2006	FY 2005	YoY		2006 4Q	2006 3Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Bank (a)	1,668.0	1,537.8	130.1	8.5%	247.1	464.2	-217.1	-46.8%
Shinhan Bank	1,659.2¹⁾	1,530.9	128.3	8.4%	249.1	461.7	-212.6	-46.0%
Jeju Bank	8.8	6.9	1.8	26.5%	-2.0	2.5	-4.5	-179.2%
Non-Bank (b)	512.4	194.8	317.6	163.0%	94.9	140.2	-45.3	-32.3%
GMSH Securities	96.2	87.3	8.9	10.2%	15.2	19.8	-4.6³⁾	-23.2%
Shinhan Life Insurance	121.5	6.1	115.4	n.a.	24.3	36.5	-12.2³⁾	-33.4%
Shinhan Card	232.1	54.2	177.9	328.2%	45.0	67.0	-22.0³⁾	-32.8%
Shinhan Capital	48.3	36.7	11.6	31.6%	5.2	13.8	-8.6³⁾	-62.3%
Shinhan BNPP Invest.	4.3	3.7	0.6	16.2%	0.9	1.2	-0.3	-25.0%
SH&C Life Insurance	4.6	2.7	1.9	68.5%	1.0	2.1	-1.1	-52.4%
SMFA	0.8	2.7	-1.9	-69.8%	0.9	-1.4	2.3	n.a.
Shinhan Credit Info.	2.8	2.4	0.4	16.7%	0.6	0.9	-0.3	-33.3%
Shinhan Private Equity	1.8	-1.0	2.8	n.a.	1.8	0.3	1.5	500.0%
SFG (c=a+b)	2,180.4	1,732.6	447.8	25.8%	342.0	604.4	-262.4	-43.4%
Total Consolidated Income	1,832.7	1,560.8²⁾	271.9	17.4%	250.5	510.1	-259.6	-50.9%

Note1) SHB's 1Q income is included

2) Revised for comparison purposes following reclassification of accounts

3) Reasons for decrease in Net Income during 2006 4Q

Ⓐ GMSH Securities : 13.2bil decrease in gains from trading,

Ⓑ SH Life Insurance : increase of SG&A expenses and legal reserves,

Ⓒ Shinhan Card : 12.7bil. of expenses recognized for granted customer reward points and 8.3bil. of commissions paid to sales agencies

Ⓓ Shinhan Capital : an additional 7.0bil of loan loss provisioning due to strengthened asset quality standards



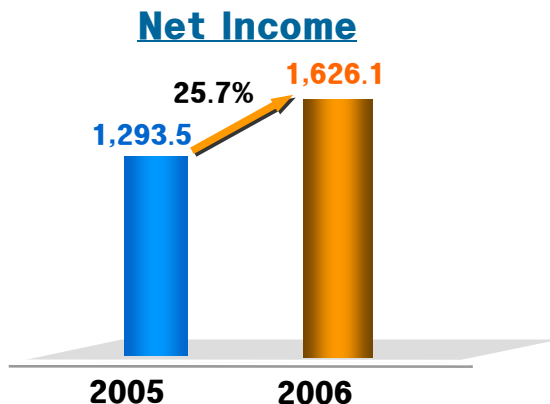
4. Income of SHB (Pro Forma basis)

I. Income Statement Highlights

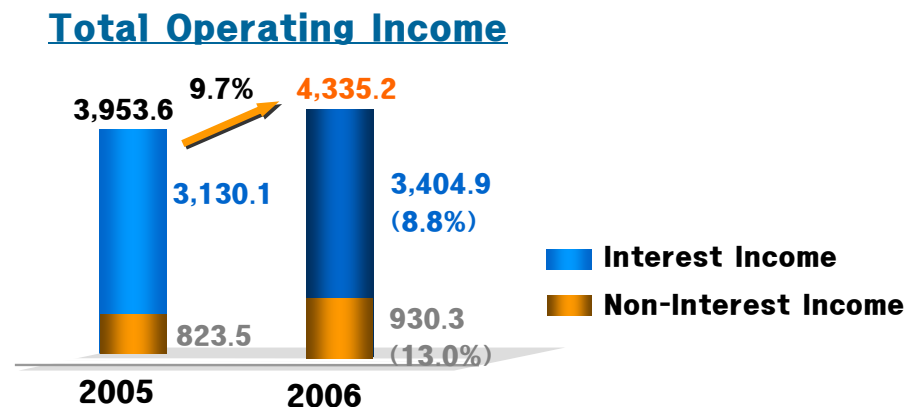
(KRW Billion)

	FY 2006	FY 2005	YoY		2006 4Q	2006 3Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Total Operating Income (a=b+c)	4,335.2	3,953.6	381.7	9.7%	1,108.9	1,066.9	42.0	3.9%
Interest Income (b)	3,404.9	3,130.1	274.8	8.8%	886.2	862.2	24.1	2.8%
Non-Interest Income (c)	930.3	823.5	106.8	13.0%	222.7	204.7	18.0	8.8%
SG&A Expenses (d)	2,172.1	1,825.4	346.7	19.0%	640.3	509.2	131.0	25.7%
Operating Income (e=a-d)	2,163.2	2,128.2	34.9	1.6%	468.6	557.6	-89.0	-16.0%
Non-Operating Income (f)	569.2	117.0	452.2	386.6%	127.6	130.8	-3.2	-2.5%
Pre-Provision Income (g=e+f)	2,732.3	2,245.2	487.1	21.7%	596.2	688.4	-92.3	-13.4%
Loan Loss Provision (h)	448.2	687.2	-239.0	-34.8%	237.2	45.0	192.2	426.9%
Earnings before Income Tax (i=g-h)	2,284.1	1,558.0	726.2	46.6%	359.0	643.4	-284.5	-44.2%
Net Income	1,626.1	1,293.5	332.7	25.7%	249.1	461.7	-212.6	-46.0%

Note) Pro Forma basis: the above figures assume that the integration of SHB+CHB and spin off of credit card operations of CHB have occurred.



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



Note) Parenthesis show increase YoY



5. Interest Income/NIM of SHB

I. Income Statement Highlights

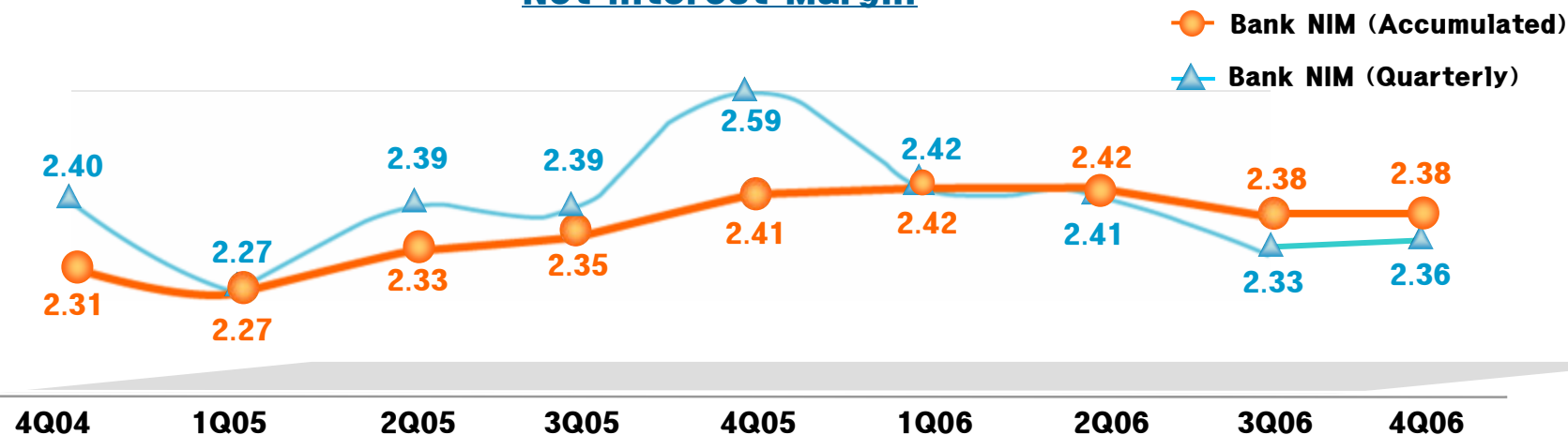
1) Interest Income

(KRW Billion)

	FY 2006	FY 2005	YoY		2006 4Q	2006 3Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Interest Revenue (a)	7,847.2	6,712.1	1,135.1	16.9%	2,125.1	2,030.0	95.1	4.7%
Loans	6,599.7	5,644.1	955.6	16.9%	1,816.2	1,683.7	132.5	7.9%
Securities & Others	1,247.5	1,068.0	179.5	16.8%	308.9	346.3	-37.4	-10.8%
Interest Expense (b)	4,442.3	3,582.0	860.3	24.0%	1,239.0	1,167.8	71.2	6.1%
Deposits	2,707.0	2,336.1	370.9	15.9%	764.3	706.8	57.5	8.1%
Debentures/Borrowings	1,735.3	1,245.9	489.4	39.3%	474.7	461.0	13.8	3.0%
Interest Income (a-b)	3,404.9	3,130.1	274.8	8.8%	886.2	862.2	24.1	2.8%

Note) Pro Forma basis

Net Interest Margin





6. Non-Interest Income of SHB

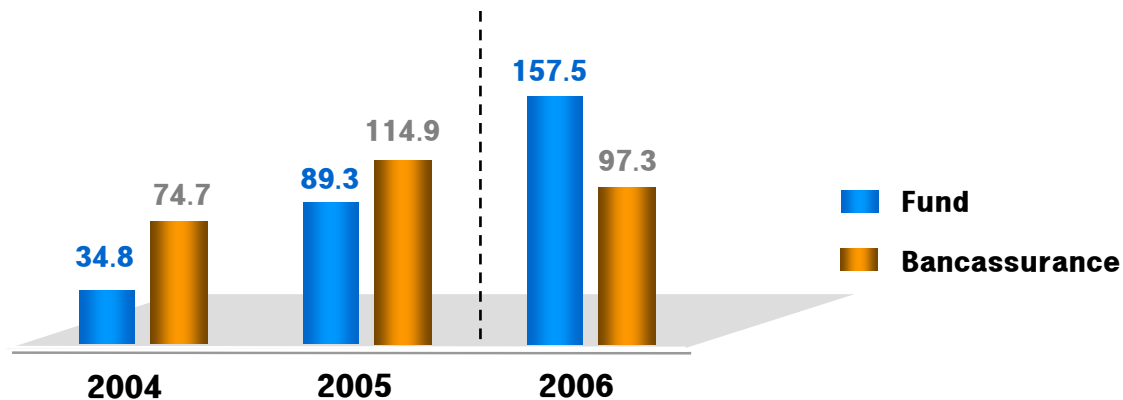
I. Income Statement Highlights

(KRW Billion)

	FY 2006	FY 2005	YoY		2006 4Q	2006 3Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Non-Interest Income	930.3	823.5	106.8	13.0%	222.7	204.7	18.0	8.8%
Fees & Commissions	743.3	733.4	9.9	1.4%	176.2	180.2	-4.0	-2.2%
(Fund)	157.5	89.3	68.2	76.4%	39.5	35.9	3.6	10.0%
(Bancassurance)	97.3	114.9	-17.6	-15.3%	20.1	22.2	-2.1	-9.5%
Trust Fees	44.6	44.5	0.1	0.3%	11.8	12.1	-0.3	-2.5%
F/X Comm. & Others	142.4	45.7	96.7	211.6%	34.7	12.5	22.2	178.4%

Note) Pro Forma basis

Fund/Bancassurance Fees & Commissions





7. SG&A Expenses of SHB

I. Income Statement Highlights

(KRW Billion)

	FY 2006	FY 2005	YoY		2006 4Q	2006 3Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
SG&A Expenses	2,172.1	1,825.4	346.7	19.0%	640.3	509.3	131.0¹⁾	25.7%
Labor Costs	905.3	825.1	80.2	9.7%	267.9	181.3	86.6	47.8%
Admin Expenses	1,015.3	769.1	246.2	32.0%	289.9	262.8	27.1	10.3%
D&A Costs	180.7	156.7	24.0	15.3%	56.3	49.5	6.8	13.7%
Taxes & Dues	70.8	74.5	-3.7	-5.0%	26.2	15.7	10.5	66.9%

Note) Pro Forma basis

Note1) Special bonus of 63.0, compensation for unused vacation and annual salary increase of 51.7

II. Balance Sheet Highlights

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





1. SFG Asset Growth

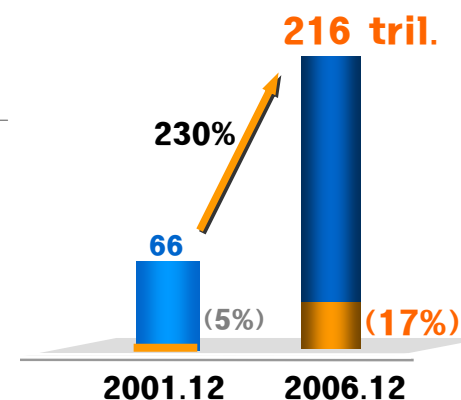
II. Balance Sheet Highlights

1) SFG Total Assets

(KRW Billion)

	2004.12	2005.12	2006.12	YTD	
				Chg Amt	Chg%
Bank	155,538	165,358	179,489	14,132	8.5%
Shinhan Bank	153,655	163,289	177,008	13,719	8.4%
Jeju Bank	1,883	2,069	2,482	413	19.9%
Non-Bank	18,255	27,085	35,412	8,326	30.7%
GMSH Securities	2,955	3,883	4,127	244	6.3%
Shinhan Life Insurance	-	5,129	6,226	1,097	21.4%
Shinhan Card	1,470	1,532	3,558	2,026	132.2%
Shinhan Capital	1,321	1,401	1,948	548	39.1%
Shinhan BNPP Invest.	6,071	7,353	8,511	1,158	15.8%
SH Asset Mgmt	6,438	7,788	11,041	3,254	41.8%
Total Assets*	174,341	193,739	216,362	22,623	11.7%

SFG Total Assets



Note) Parenthesis show contributions of Non-Bank Businesses

■ Bank
■ Non-Bank

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



2. SHB Loan Growth

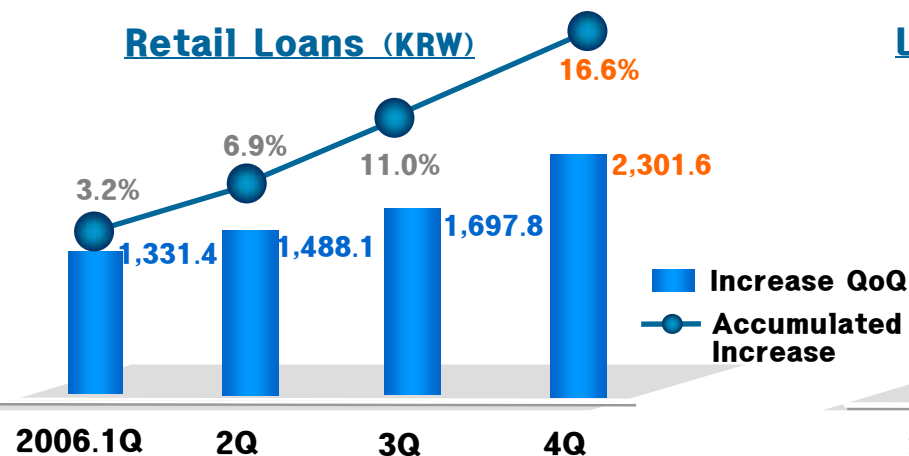
II. Balance Sheet Highlights

(KRW Billion)

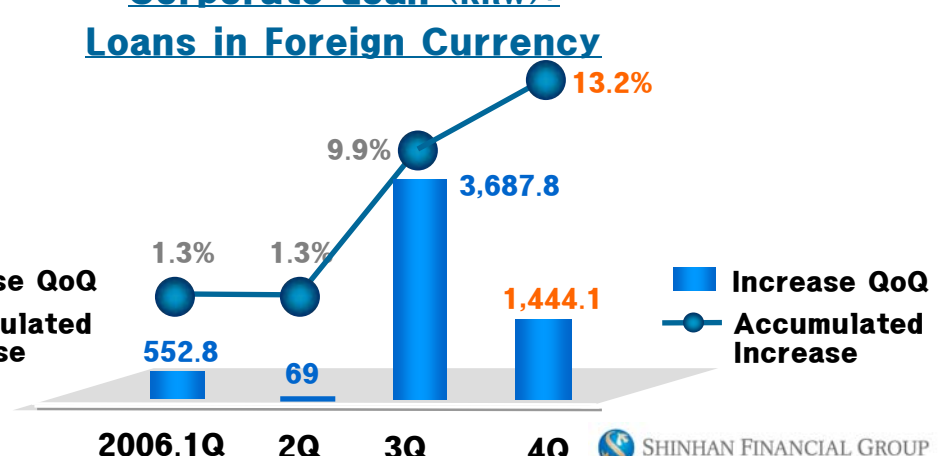
	2006.12	2005.12 ¹⁾	YTD		2006.9	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Loans in Won (A)	89,592.0	79,452.3	10,139.7	12.8%	85,593.6	3,998.4	4.7%
Retail	47,943.0	41,124.2	6,818.8	16.6%	45,641.4	2,301.6	5.0%
Mortgage	30,451.9	25,126.1	5,325.8	21.2%	28,687.5	1,764.4	6.2%
Others	17,491.1	15,998.1	1,493.0	9.3%	16,953.9	537.2	3.2%
Corporate	41,649.0	38,328.1	3,320.9	8.7%	39,952.2	1,696.8	4.2%
SME	34,865.5	31,054.8	3,810.7	12.3%	33,204.7	1,660.8	5.0%
SOHO	13,022.5	11,449.4	1,573.1	13.7%	12,220.4	802.1	6.6%
Large Corp	6,783.5	7,273.3	-489.8	-6.7%	6,747.4	36.1	0.5%
Loans in Foreign Currency (B)	7,070.1	4,699.4	2,370.7	50.4%	7,322.8	-252.7	-3.5%
Total Loans (A+B)	96,662.1	84,151.7	12,510.4	14.9%	92,916.4	3,745.7	4.0%

Note1) Pro Forma basis

Retail Loans (KRW)



Corporate Loan (KRW)+ Loans in Foreign Currency





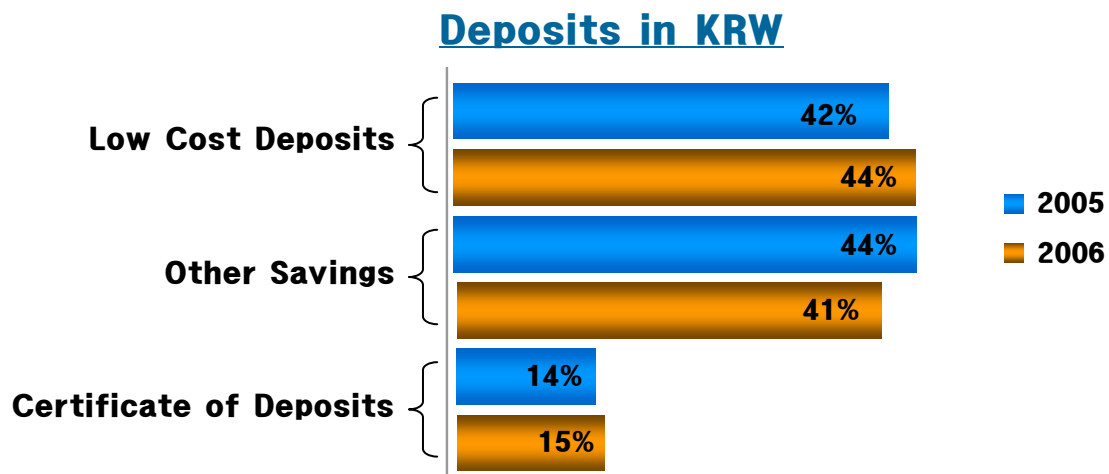
3. SHB Deposits/Finance Debentures

II. Balance Sheet Highlights

(KRW Billion)

	2006.12	2005.12 ¹⁾	YTD		2006.9	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Deposits in Won	85,562.0	80,093.0	5,469.0	6.8%	82,934.9	2,627.1	3.2%
Low Cost Deposits	37,289.9	34,022.4	3,267.5	9.6%	34,971.1	2,318.8	6.6%
Demands	12,481.4	11,160.8	1,320.6	11.8%	11,577.6	903.8	7.8%
Savings	24,808.5	22,861.6	1,946.9	8.5%	23,393.5	1,415.0	6.0%
Other Savings	35,305.2	35,408.6	-103.4	-0.3%	37,184.1	-1,878.9	-5.1%
Time Deposits	28,394.1	27,226.0	1,168.1	4.3%	30,000.8	-1,606.7	-5.4%
Other Deposits	6,911.1	8,182.6	-1,271.5	-15.5%	7,183.3	-272.2	-3.8%
Certificate of Deposits	12,966.9	10,662.0	2,304.9	21.6%	10,779.7	2,187.2	20.3%
Finance Debentures in Won	21,703.5	18,056.8	3,646.7	20.2%	20,490.0	1,213.5	5.9%

Note1) Pro Forma basis





4. Shinhan Card

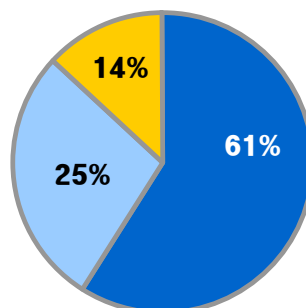
II. Balance Sheet Highlights

(KRW Billion)

	2006.12	2005.12 ¹⁾	YTD		2006.9	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Assets (Managed)	3,900.5	4,220.7	-320.3	-7.6%	3,875.3	25.1	0.6%
Receivables	2,389.4	2,539.5	-150.1	-5.9%	2,314.8	74.6	3.2%
(Purchase Card Assets)	193.9	462.5	-268.5	-58.1%	181.0	12.9	7.1%
Cash Advances	984.2	1,135.6	-151.4	-13.3%	1,022.4	-38.1	-3.7%
Card Loans	526.9	545.7	-18.8	-3.4%	538.2	-11.3	-2.1%
(Re-Aged Loans)	99.3	274.2	-174.9	-63.8%	142.8	-43.5	-30.5%
Sales Volume (Quarterly)	6,912.4	6,655.9	256.5	3.9%	6,707.7	204.7	3.1%
Lump-Sum	4,082.7	3,534.1	548.7	15.5%	3,913.1	169.6	4.3%
(Check Cards)	360.1	278.4	81.7	29.3%	332.5	27.6	8.3%
Installments	1,011.9	955.0	56.9	6.0%	914.8	97.1	10.6%
Cash Advances	1,817.8	2,166.8	-349.0	-16.1%	1,879.8	-62.0	-3.3%
Card Holders (thousands)	4,625	4,117	508	12.3%	4,419	206	4.7%
Merchants (thousands)	3,107	3,181	-74	-2.3%	3,458	-351	-10.2%

Note1) Pro Forma basis:
Shinhan Card + CHB Card

Assets Breakdown



- Receivables
- Cash Advances
- Card Loans

III. Asset Quality

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





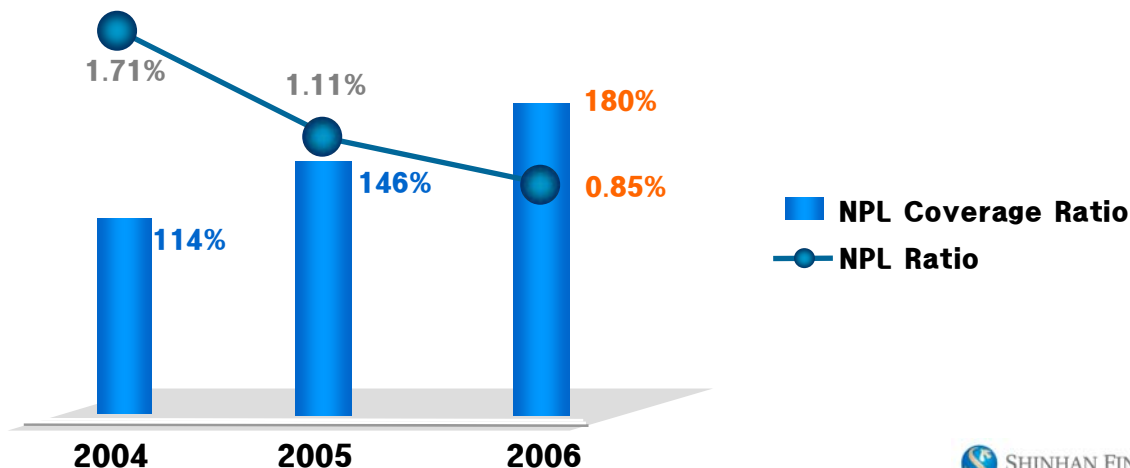
1. Asset Quality of SFG

III. Asset Quality

(KRW Billion)

	2006.12	2005.12	YTD		2006.9	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Loans ¹⁾	127,095.4	109,005.5	18,089.9	16.6%	122,178.1	4,917.3	4.0%
Normal	124,424.2	105,645.8	18,778.4	17.8%	118,876.5	5,547.7	4.7%
Precautionary	1,592.7	2,149.2	-556.5	-25.9%	1,902.4	-309.7	-16.3%
Substandard	492.4	680.4	-188.0	-27.6%	720.3	-227.9	-31.6%
Doubtful	200.0	189.9	10.1	5.3%	244.2	-44.2	-18.1%
Estimated Loss	386.2	340.1	46.0	13.5%	434.7	-48.5	-11.2%
Substandard & Below	1,078.5	1,210.4	-131.9	-10.9%	1,399.2	-320.7	-22.9%
NPL Ratio	0.85%	1.11%		-0.26%p	1.15%		-0.30%p
Loan Loss Reserves	1,942.2	1,772.4	169.8	9.6%	1,990.8	-48.6	-2.4%
NPL Coverage Ratio	180.1%	146.4%		33.7%p	142.3%		37.8%p

Note1) Including assets of Shinhan Bank, Jeju Bank, Good Morning Shinhan Securities, Shinhan Life Insurance, Shinhan Card, and Shinhan Capital





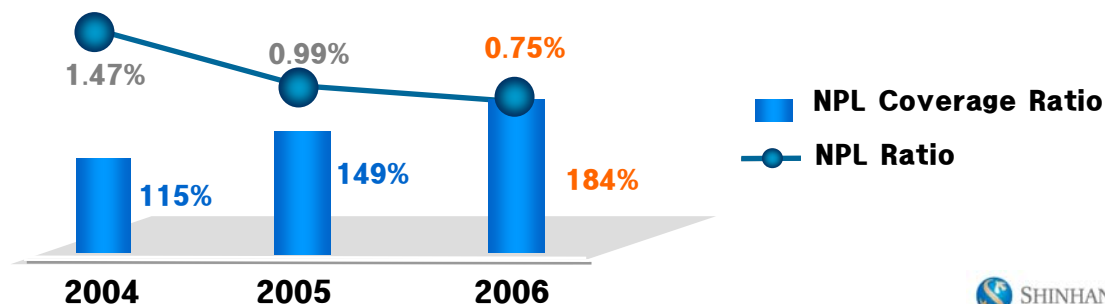
2. Asset Quality of SHB

III. Asset Quality

(KRW Billion)

	2006.12	2005.12 ¹⁾	YTD		2006.9	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Loans	117,551.9	100,333.7	17,218.2	17.2%	113,287.8	4,264.1	3.8%
Normal	115,253.4	97,466.5	17,786.9	18.2%	110,411.1	4,842.3	4.4%
Precautionary	1,415.8	1,878.2	-462.4	-24.6%	1,734.1	-318.3	-18.4%
Substandard	471.2	662.4	-191.2	-28.9%	704.9	-233.7	-33.2%
Doubtful	126.2	86.6	39.6	45.7%	135.8	-9.6	-7.1%
Estimated Loss	285.3	240.0	45.3	18.9%	302.0	-16.7	-5.5%
Substandard & Below	882.7	989.0	-106.3	-10.8%	1,142.7	-260.0	-22.8%
NPL Ratio	0.75%	0.99%		-0.23%p	1.01%		-0.26%p
Loan Loss Reserves	1,626.2	1,471.6	154.6	10.5%	1,657.1	-30.9	-1.9%
NPL Coverage Ratio	184.2%	148.8%		35.4%p	145.0%		39.2%p
Write-off (Quarterly)	52.3	75.0	-22.7	-30.3%	38.7	13.6	35.1%
Delinquency Ratio	0.65%	0.92%		-0.27%p	1.02%		-0.37%p
Retail	0.61%	0.77%		-0.16%p	0.87%		-0.26%p
Mortgage	0.32%	0.35%		-0.03%p	0.38%		-0.06%p
Others	1.55%	1.40%		0.15%p	1.70%		-0.15%p
Corporate	0.98%	1.29%	n.a.	-0.31%p	1.69%	n.a.	-0.71%p
SME	0.85%	1.55%		-0.70%p	1.73%		-0.88%p
SOHO	0.99%	1.53%		-0.54%p	1.94%		-0.95%p
Large Corp	1.82%	0.01%		1.81%p	1.49%		0.33%p

Note1) Pro Forma basis





3. Asset Quality of Shinhan Card

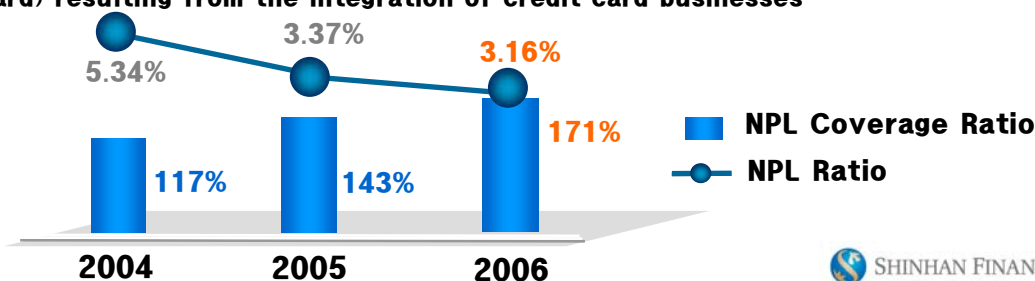
III. Asset Quality

(KRW Billion)

	2006.12	2005.12 ¹⁾	YTD		2006.9	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Assets (Managed)	3,900.5	4,220.7	-320.3	-7.6%	3,875.3	25.2	0.6%
Normal	3,668.4	3,869.8	-201.4	-5.2%	3,581.5	87.0	2.4%
Precautionary	108.7	208.5	-99.8	-47.9%	111.8	-3.1	-2.8%
Substandard	0.0	1.0	-1.0	n.a.	0.0	0.0	n.a.
Doubtful	67.3	92.7	-25.4	-27.4%	101.1	-33.8	-33.5%
Estimated Loss	56.0	48.8	7.3	14.9%	80.9	-24.9	-30.7%
Substandard & Below	123.3	142.4	-19.1	-13.4%	182.0	-58.7	-32.2%
NPL Ratio	3.16%²⁾	3.37%	n.a.	-0.21%p	4.70%	n.a.	-1.54%p
Loan Loss Reserves (Managed)	211.1	204.2	6.8	3.3%	233.4	-22.4	-9.6%
NPL Coverage Ratio	171.1%	143.4%	n.a.	27.7%p	128.2%	n.a.	42.9%p
NPL Sales	0.8	0.0	0.8	n.a.	2.9	-2.0	n.a.
ABS Issuance (Quarterly)	0.0	0.0	0.0	n.a.	0.0	0.0	n.a.
Write-Off (Quarterly)	62.7	74.8	-12.1	n.a.	55.0	7.7	n.a.
Assets	3,900.5	4,220.7	-320.3	-7.6%	3,875.3	25.1	0.6%
Delinquent Amount (1day and over)	152.4	150.6	1.8	1.2%	200.9	-48.5	-24.1%
Less than 1M	60.1	54.5	5.6	10.3%	79.9	-19.8	-24.8%
1M and Over	92.3	96.1	-3.8	-3.9%	121.0	-28.6	-23.7%
Delinquency Ratio (1day and over)	3.91%	3.57%	n.a.	0.34%p	5.18%	n.a.	-1.28%p
Less than 1M	1.54%	1.29%	n.a.	0.25%p	2.06%	n.a.	-0.52%p
1M and Over	2.37%	2.28%	n.a.	0.09%p	3.12%	n.a.	-0.75%p

Note1) Pro Forma basis: Shinhan Card + CHB Card

2) 1.52%, excluding re-aged loans (CHB card) resulting from the integration of credit card businesses





4. Loan Loss Provision/Write-Off

III. Asset Quality

1) Loan Loss Provision

(KRW Billion)

	FY2005	1Q	2Q	3Q	4Q	FY2006
Shinhan Bank*						
Retail	275.1	178.9	87.7	-15.8	14.9	265.7
Corporate	395.8	-89.1	-3.6	54.3	248.0	209.7
Sub-Total	670.9	89.8	84.2	38.5	262.9	475.4
Shinhan Card**	249.4	31.7	67.6	2.1	15.3	116.7
Total	920.3	121.5	151.8	40.6	278.2	592.1

* Shinhan Bank + Chohung Bank

** Shinhan Card + CHB Card

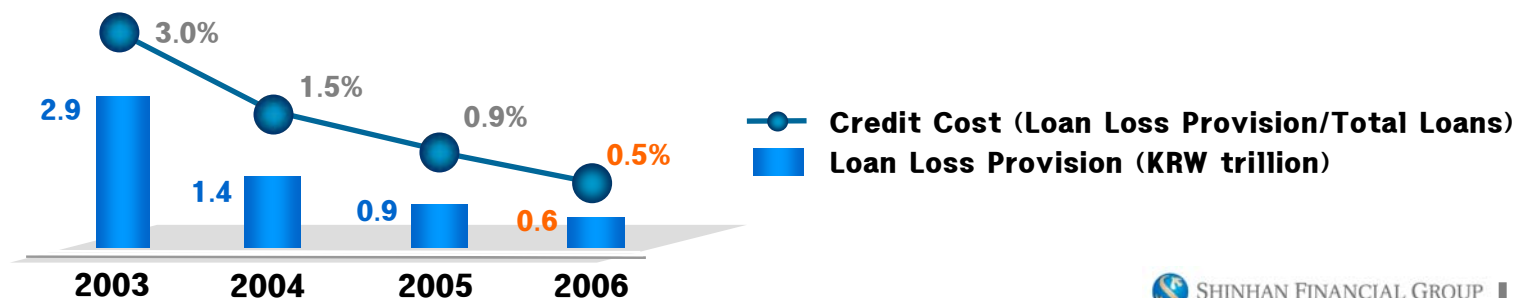
2) Write-Off

(KRW Billion)

	FY2005	1Q	2Q	3Q	4Q	FY2006
Shinhan Bank*						
Retail	246.7	34.5	6.0	9.5	31.9	81.9
Corporate	197.3	25.6	7.0	29.2	20.4	82.2
Sub-Total	444.0	60.1	13.0	38.7	52.3	164.1
Shinhan Card**	353.2	45.7	43.9	55.0	62.7	207.3
Total	797.2	105.8	56.9	93.7	115.0	371.4

* Shinhan Bank + Chohung Bank

** Shinhan Card + CHB Card



IV. Capital Adequacy Highlights



1. Capital Adequacy of SFG and SHB



1. Capital Adequacy of SFG and SHB

IV. Capital Adequacy

1) Required Capital Adequacy Ratio of SFG

(KRW Billion)

	2006.12	2005.12	YTD		2006.9	QoQ	
			Chg Amt	Chg %		Chg Amt	Chg%
Net Capital (a)	13,961.2	11,434.0	2,527.2	22.1%	13,366.6	594.6	4.4%
Required Capital (b)	10,165.7	8,609.1	1,556.6	18.1%	10,019.5	146.2	1.5%
Required Capital Ratio (a/b)	137.3%	132.8%	n.a.	4.5%p	133.4%	n.a.	3.9%p

Note) Minimum guideline by FSS is 100%

2) Shinhan Bank*

(KRW Billion)

	2006.12	2005.12	YTD		2006.9	QoQ	
			Chg Amt	Chg %		Chg Amt	Chg%
Risk-Weighted Assets	113,949.5	99,255.3	14,694.2	14.8%	112,479.1	1,470.4	1.3%
Tier 1 Capital	8,869.6	7,349.6	1,520.0	20.7%	8,930.3	-60.7	-0.7%
Tier 2 Capital	4,770.1	4,202.3	567.8	13.5%	4,058.6	711.5	17.5%
BIS Ratio	12.0%	11.6%	n.a.	0.4%p	11.5%	n.a.	0.5%p
Tier 1 Ratio	7.8%	7.4%	n.a.	0.4%p	7.9%	n.a.	-0.2%p
Tier 2 Ratio	4.2%	4.2%	n.a.	-	3.6%	n.a.	0.6%p

* Shinhan Bank + Chohung Bank

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 2005	2006 1Q	2006 1H	2006 3Q	FY 2006
SFG					
ROA	1.03% ²⁾	1.19%	1.31%	1.26%	1.08%
ROE	18.90% ²⁾	19.68%	21.89%	20.88%	17.66%
BVPS (KRW)	23,991 ²⁾	23,164	24,238	26,309	27,430
EPS (KRW)	3,694 ²⁾	4,715	5,243	5,107	4,425
Cost / Income	47.6%	46.7%	49.0%	49.4%	52.1%
Cost / Income ¹⁾	45.6%	44.1%	46.4%	46.6%	49.3%
Shinhan Bank					
ROA	1.09%	1.19%	1.32%	1.29%	1.08%
ROE	20.72%	20.70%	22.65%	21.68%	18.56%
Loan / Deposit	99.2%	104.7%	104.2%	103.2%	104.7%
Cost / Income	43.7%	42.1%	46.5%	47.1%	49.7%
NPL	1.05%	1.09%	1.09%	1.01%	0.75%

Note1) Excluding the effect of goodwill amortization

Note2) Revised for comparison purposes following change in net income due to reclassification of accounts

VI. Appendix

1. Investment Securities of SHB





1. Investment Securities of SHB

VI. Appendix

(As of Dec. 2006)

	Shares (thousands)	Ownership (%)	Acquisition Cost/Share (KRW)	Book Value/Share (KRW)	Valuation Gain (KRW Billion)
Hynix	27,979	6.09	3,862	31,907	784.7
SFG*	7,130	1.86	15,217	47,500	230.2
LG Card	8,960	7.15	7,156	58,205	457.4
SK Networks	22,615	9.46	5,016	23,042	407.7
Hyundai Eng. & Con.	5,637	5.15	28,395	49,298	117.8
Ssangyong Cement	10,000	13.39	9,520	10,837	13.2
Daewoo Eng. & Con.	3,808	1.12	26,262	28,910	10.1
Daewoo International	1,523	1.60	3,406	33,557	45.9
Ssangyong Eng. & Con.	1,365	4.58	4,230	12,215	10.9
Total					2,077.9

* Treasury shares of SFG held by Shinhan Bank (consolidated basis)