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 SHINHAN FINANCIAL GROUP



*Your Total Financial Solution : Shinhan Financial Group* \_\_\_\_\_

# 2007 1H Business Results

August 2007



**SHG**  
LISTED  
NYSE

## 【 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.

For comparison purposes, please note the following facts:

- 1) As of April 1, 2006, the newly integrated Shinhan Bank was incorporated, 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.
- 2) LG Card joined Shinhan Financial Group (“SFG”) as a subsidiary on March 23, 2007. Therefore, four months (March~June) of LG Card’s income has been reflected in the 2007 1H consolidated income statement.
- 3) Gains or loss related to the disposal or impairment of available for sale securities, loans, and early retirement expenses, which were previously categorized as Non-Operating Income, have been re-classified as Operating Income, according to Article 24 of the Statements of Korea Accounting Standards (“SKAS”). Accordingly, appropriate changes have been reflected to prior periods.

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

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# 2007 1H Earnings Highlights (1) - Income



## Group

1H07 accumulated net income 1.65 tril. (686.6 bil. for 2Q), 56.3% increase YoY

- Following was deducted from total consolidated net income (based on equity method) of 2.10 tril.: 217.7 bil. disposal of SFG shares previously held by Shinhan Bank, 162.3 bil. of goodwill amortization of subsidiaries, 70.8 bil. of expenses and etc.
- Accumulated Group NIM at 4.03%, maintained at stable 4 percent level

## Bank

1H07 accumulated net income 1.54 tril. (708.7 bil. for 2Q), 61.1% increase YoY

- Shinhan Bank 1.54 tril. (710.0 bil. for 2Q), 62.1% increase YoY
- Accumulated Shinhan Bank NIM at 2.27%. Despite high asset growth in 2Q, maintained stable NIM similar to 1Q (2.28% for 1Q → 2.27% for 1H)

## Non-Bank

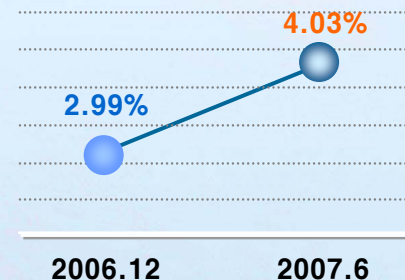
1H07 accumulated net income 562.3 bil. (363.4 bil. for 2Q), 102.8% increase YoY

- Continuing improvement of business performance of major non-bank subsidiaries: LG Card 280.7 bil. (four months of income reflected following incorporation into SFG), Shinhan Card 111.2 bil., GMSH Securities 76.4 bil., Shinhan Life 65.4 bil., Shinhan Capital 22.2 bil. and etc.
- Non-Bank subsidiaries' net income contribution reached 26.7%, 3.2%p increase YTD
  - Non-Bank contributions will rise to 36.3% when excluding the Bank's one-off factors such as 337.0 bil. of LG Card related income, 217.7 bil. resulting from disposal of SFG shares and etc.

SFG Net Income (Accumulated)



Group NIM (Accumulated)





# 2007 1H Earnings Highlights (2) – Asset Growth



## Group

Total Assets marked 259 tril. as end of 1H, 19.8% (42.7 tril.) increase YTD

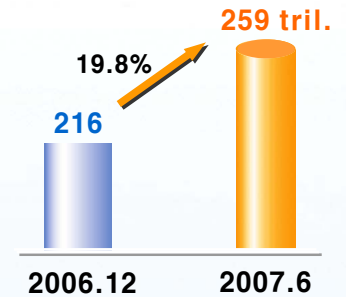
- Bank Sector 201 tril. (78% of total assets), Non-Bank Sector 58 tril. (22% of total assets)

## Bank

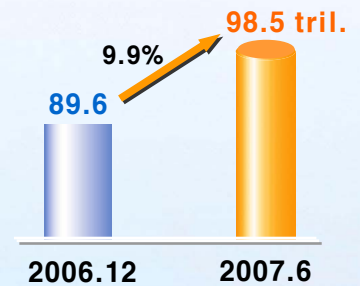
Total assets of Bank Sector reached 201 tril. as end of 1H, 12.2% (21.9 tril.) increase YTD

- Shinhan Bank's loan balance (KRW + Foreign Currency) totaling 105.3 tril., 9.2% (8.8 tril.) increase YTD
  - ▶ YTD 9.9% (8.9 tril.) increase for loans in KRW, -0.6% (-39.0 bil.) slight decrease for loans in foreign currency
- Retails loans recovered from sluggish growth in 1Q showing 3.2% (1.5 tril.) increase during 2Q
  - ▶ 1.8% (0.5 tril.) and 5.6% (1 tril.) respective increase for mortgage loans and other retail loans during 2Q
- Corporate loans (KRW + Foreign Currency) rose by 15.2% (7.4 tril.) YTD backed by increased demands for working capital reflecting favorable export growth and facilities investments following heightened expectations of economic recovery.
  - ▶ SME loans (KRW) increased 21.7% (7.5 tril.) YTD

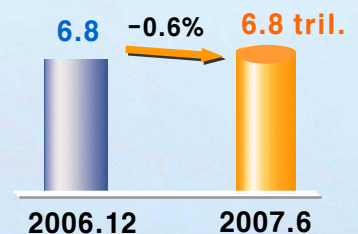
### SFG Total Assets



### Bank Loans in KRW



### Bank Loans in Foreign Currency



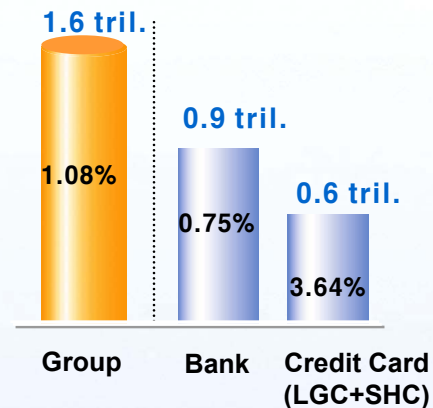


## Asset Quality

Group's NPL ratio 1.08% as end of 1H,  
0.23%p increase YTD

- SFG's NPL ratio rose up to 1.12% during 1Q due to the incorporation of LG Card into the Group, yet recorded 1.08% as end of 2Q, a slight -0.04%p decrease QoQ
  - Coverage Ratio maintained at 180% for Group

## NPL Balance & Ratio

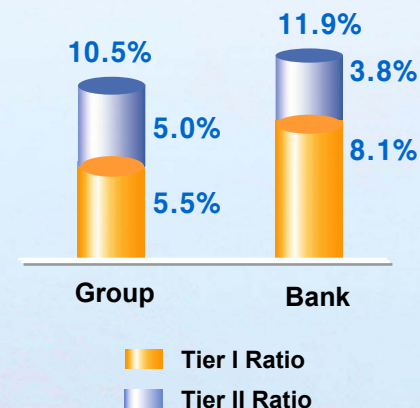


## Capital Adequacy

Group BIS ratio 10.5% as end of 1H,  
Tier I Ratio 5.5%, Tier II Ratio 5.0%

- Shinhan Bank's BIS Ratio reached 11.9% as of June 2007,  
Tier I Ratio 8.1%, Tier II Ratio 3.8%

## BIS Ratio (E)



## I. Income Statement Highlights

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





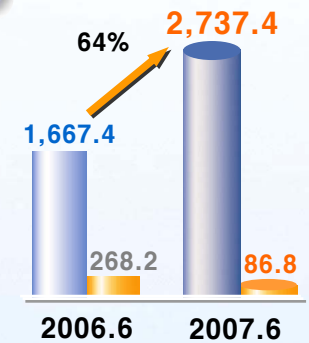
# 1. Income of SFG - I. Income Statement Highlights



- Group's net income for 1H07 is 1.65 tril. (959.8 bil. for 1Q, 686.6 bil. for 2Q), 56.3% (592.8 bil.) increase YoY
- 2Q net income decreased QoQ due to sizable one-off factors of non-interest income that occurred in 1Q  
 → 614.5 bil. in 1Q (LG Card related income 464.8 bil., write-back from bad debt fund 59.3 bil., NPL ABS write-offs 55.9 bil., SKN redemption income 34.5 bil.) and 61.8 bil. in 2Q (disposal of Hyundai E&C shares 43.9 bil., NPL ABS write-offs 28.1 bil., loss on sales of Daewoo Construction shares 10.2 bil.)

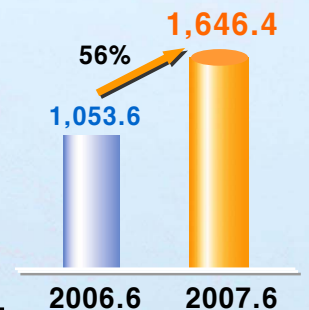
	(KRW Billion)							
	2007 1H	2006 1H	YoY		2007 2Q	2007 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Total Operating Income (a=b+c)	4,494.6	2,995.5	1,499.1	50.0%	1,994.5	2,500.1	-505.6	-20.2%
Interest Income (b)	3,181.7	2,187.1	994.6	45.5%	1,598.7	1,583.1	15.6	1.0%
Non-Interest Income (c)	1,312.9	808.4	504.5	62.4%	395.9	917.0	-521.2	-56.8%
SG&A Expenses (d)	1,794.4	1,373.4	421.0	30.7%	854.3	940.2	-85.9	-9.1%
Operating Income (e=a-d)	2,700.2	1,622.1	1,078.1	66.5%	1,140.3	1,559.9	-419.7	-26.9%
Non-Operating Income (f)	37.2	45.4	-8.2	-18.0%	31.2	6.0	25.2	418.2%
Pre-Provision Income (g=e+f)	2,737.4	1,667.4	1,069.9	64.2%	1,171.4	1,565.9	-394.5	-25.2%
Loan Loss Provision (h)	86.8	268.2	-181.4	-67.6%	102.4	-15.7	118.1	n.a.
Earnings before Income Tax (i=g-h)	2,650.6	1,399.3	1,251.3	89.4%	1,069.0	1,581.6	-512.6	-32.4%
Income Tax (j)	106.4	339.0	-232.6	-68.6%	270.3	-163.9	434.2	n.a.
Net Income of Subsidiaries before Purchase Date (k)	843.4	0.0	843.4	n.a.	74.8	768.6	-693.8	-90.3%
Total Net Income (l=i-j-k)	1,700.8	1,060.3	640.5	60.4%	723.9	976.9	-253.0	-25.9%
Consolidated Net Income	✓1,646.4	1,053.6	592.8	56.3%	✓686.6	959.8	-273.2	-28.5%

## PPI & Provision



■ Pre Provision Income (PPI)  
 ■ Provision

## SFG Net Income



Note) 2006 figures have been revised according to changes in accounting standards for comparison purposes



## 2. Income by Subsidiary (1) - I. Income Statement Highlights



▪ Net income contributions by non-bank subsidiaries (based on equity method) is 26.7%, 3.2%p increase YTD

→ Net income contributions by non-bank subsidiaries continuously rising, particularly since LG Card joined the Group in 1Q. When excluding one-off profit factors in Bank during 1H, non-bank contributions rise to 36.3%.

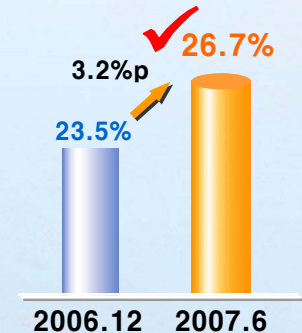
(KRW Billion)

	Net Income [1]	Ownership [2]	Net Income [3=1*2]	Goodwill [4]	Consolidated Net Income [5=3+4]
<b>Bank (a)</b>	<b>1,542.3</b>		<b>1,540.7</b>	<b>-243.5</b>	<b>1,297.2</b>
Shinhan Bank	1,537.8	100.0%	1,537.8	-243.8 <sup>1)</sup>	1,294.0
Jeju Bank	4.5	62.4%	2.9	0.3 <sup>1)</sup>	3.2
<b>Non-Bank (b)</b>	<b>647.5</b>		<b>562.3</b>	<b>-142.4</b>	<b>419.9</b>
LG Card	357.3	78.6% <sup>3)</sup>	280.7	-83.5 <sup>1)</sup>	197.2
Shinhan Card	111.2	100.0%	111.2	-15.2 <sup>1)</sup>	96.0
GMSH Securities	76.4	100.0%	76.4	-15.2 <sup>1)</sup>	61.2
Shinhan Life Insurance	65.4	100.0%	65.4	-25.5 <sup>1)</sup>	39.9
Shinhan Capital	22.2	100.0%	22.2	-0.1 <sup>1)</sup>	22.1
Shinhan Credit Information	0.9	100.0%	0.9		0.9
Shinhan Private Equity	-2.9	100.0%	-2.9		-2.9
Shinhan BNPP ITMC	7.5	50.0%	3.7		3.7
SH&C Life Insurance	8.1	50.0%	4.1	-2.9	1.2
Shinhan Macquarie FA	1.4	51.0%	0.7		0.7
<b>SFG (c)</b>				<b>-70.8<sup>2)</sup></b>	<b>-70.8</b>
<b>Total (d=a+b+c)</b>	<b>2,189.8</b>		<b>2,103.0</b>	<b>-456.7</b>	<b>1,646.4</b>

### Group Net Income (Non-Bank)



### Net Income Contributions of Non-Bank Subsidiaries



- ✓ Note 1) Goodwill  $\Delta$ 162.3 bil. (Shinhan Bank 30.6 bil., LG Card 87.5 bil., Shinhan Card 15.0 bil., GMSH Securities 8.5 bil., Shinhan Life 21.0 bil. etc.), and gains from sales of SFG shares by Shinhan Bank 217.7 bil.  
 2) SFG Expenses (non-consolidated): Interest expense -63.5bil., SG&A expense -30.3 bil., non-operating income and etc. 23.0 bil.  
 3) The Group owns a total of 85.7% of LG Card (SFG 78.6% + SHB 7.1%)



## 2. Income by Subsidiary (2) - I. Income Statement Highlights



▪ Bank and Non-Banks contribute about 73% and 27% respectively to Group's total net income (based on equity method)

→ Shinhan Bank 73%, Credit Card 19% (LG 13% + Shinhan 6%), Securities 4%, Insurance 3%, Capital 1% and etc.

(KRW Billion)

(Reflecting Ownership by SFG)	2007 1H	2006 1H	YoY		2007 2Q	2007 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Bank (a)	✓ 1,540.7	956.6	584.1	61.1%	708.7	832.0	-123.3	-14.8%
Shinhan Bank	1,537.8	948.4	589.4	62.1%	710.0	827.8	-117.8	-14.2%
Jeju Bank	2.9	8.2	-5.3	-64.7%	-1.3	4.2	-5.5	n.a.
Non-Bank (b)	✓ 562.3	277.3	285.0	102.8%	363.4	198.9	164.5	82.7%
LG Card	280.7	0.0	280.7	n.a.	204.7	76.0	128.7	169.3%
Shinhan Card	111.2	120.1	-8.9	-7.4%	57.0	54.2	2.8	5.2%
GMSH Securities	76.4	61.2	15.2	24.8%	54.6	21.8	32.8	150.5%
Shinhan Life Insurance	65.4	60.7	4.7	7.7%	33.3	32.1	1.3	3.9%
Shinhan Capital	22.2	29.3	-7.1	-24.2%	11.9	10.3	1.6	15.5%
Shinhan Credit Information	0.9	1.3	-0.4	-30.8%	0.3	0.6	-0.3	-50.0%
Shinhan Private Equity	-2.9	-0.3	-2.6	n.a.	-3.0	0.1	-3.1	n.a.
Shinhan BNPP ITMC	3.7	2.2	1.5	65.9%	2.0	1.7	0.3	14.7%
SH&C Life Insurance	4.1	1.5	2.6	179.3%	3.5	0.6	2.9	475.0%
Shinhan Macquarie FA	0.7	1.4	-0.7	-48.1%	-0.8	1.5	-2.3	n.a.
Total Net Income (c=a+b)	2,103.0	1,234.1	869.0	70.4%	1,072.1	1,030.9	41.3	4.0%
Consolidated Net Income	1,646.4	1,053.6	592.8	56.3%	686.6	959.8	-273.2	-28.5%



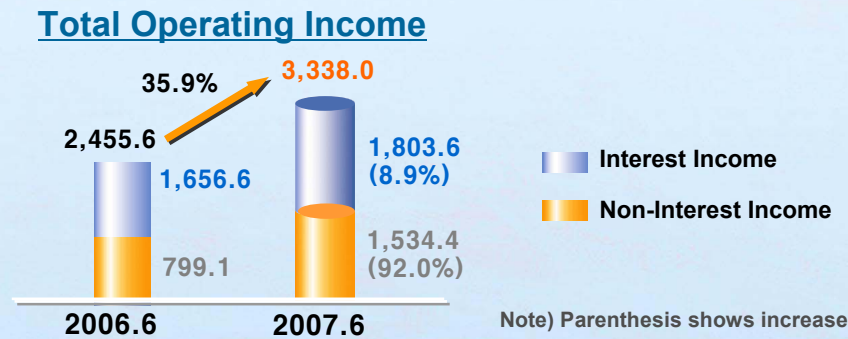
# 3. Income of Shinhan Bank ("SHB") - I. Income Statement Highlights



▪ Shinhan Bank's accumulated net income totals 1.54 tril. (1Q 827.8 bil., 2Q 710.0 bil.), 67.8% (621.4 bil.) increase YoY  
 → Interest income increased during 2Q fueled by strong loan growth. Non-interest income decreased by 301.1 bil. in 2Q due to difference between one-off factors in 1Q of 634.5bil. (including 20.0 bil. income from sales of SFG shares\*) and 339.7bil. In 2Q (including 277.9 bil. income from sales of SFG shares\*). Loan loss provision increase in 2Q is contributable to additional provisioning during 2Q following the bankruptcy of Shin-il Corp (construction company).  
 \* On consolidated basis, SFG shares sold by Shinhan Bank posted as capital adjustment

	2007		2006		YoY		2007		2007		QoQ	
	1H	1H	Chg Amt	Chg%	2Q	1Q	Chg Amt	Chg%				
Total Operating Income (a=b+c)	3,338.0	2,455.6	882.4	35.9%	1,541.0	1,797.0	-256.0	-14.2%				
Interest Income (b)	1,803.6	1,656.6	147.0	8.9%	924.4	879.2	45.1	5.1%				
Non-Interest Income (c)	1,534.4	799.1	735.3	92.0%	616.6	917.7	-301.1	-32.8%				
SG&A Expenses (d)	1,074.7	1,033.2	41.5	4.0%	480.9	593.8	-112.9	-19.0%				
Operating Income (e=a-d)	2,263.3	1,422.4	841.0	59.1%	1,060.1	1,203.2	-143.1	-11.9%				
Non-Operating Income (f)	19.8	26.5	-6.8	-25.5%	32.7	-13.0	45.7	n.a.				
Pre-Provision Income (g=e+f)	2,283.1	1,448.9	834.2	57.6%	1,092.8	1,190.3	-97.4	-8.2%				
Loan Loss Provision (h)	171.6	166.0	5.6	3.4%	119.6	52.0	67.5	129.7%				
Earnings before Income Tax (i=g-h)	2,111.5	1,282.9	828.5	64.6%	973.3	1,138.2	-165.0	-14.5%				
Net Income	1,537.8	916.5	621.4	67.8%	710.0	827.8	-117.8	-14.2%				

Note) 2006 figures are Pro Forma based



Note) Parenthesis shows increase YoY

Note) Including pre-merger SHB's 1Q income, excluding income of CHB's credit card business



# 4. Interest Income/NIM of SHB - I. Income Statement Highlights



- Interest income rose by 8.9% (147.0 bil.) YoY. NIM maintained at stable level of 2.27% despite continued loan competitions and rising funding costs
- Group NIM marked 4.03%, maintained steady 4 percent level since incorporation of LG Card into the Group

## 1) Interest Income

(KRW Billion)

	2007	2006	YoY		2007	2007	QoQ	
	1H	1H	Chg Amt	Chg%	2Q	1Q	Chg Amt	Chg%
Interest Revenue (a)	4,531.1	3,692.1	839.0	22.7%	2,357.7	2,173.4	184.3	8.5%
Loans	3,814.6	3,099.8	714.8	23.1%	1,984.0	1,830.6	153.4	8.4%
Securities/Others	716.5	592.3	124.2	21.0%	373.7	342.8	30.9	9.0%
Interest Expense (b)	2,727.5	2,035.6	692.0	34.0%	1,433.3	1,294.2	139.1	10.7%
Deposits	1,667.9	1,235.9	432.0	35.0%	864.4	803.5	60.9	7.6%
Debentures/Borrowings	1,059.6	799.7	260.0	32.5%	568.9	490.7	78.2	15.9%
Net Interest Income (a-b)	1,803.6	1,656.6	147.0	8.9%	924.4	879.2	45.2	5.1%

Note) 2006 figures are Pro Forma based

## 2) Net Interest Margin (%)

	2005.12	2006.3	2006.6	2006.9	2006.12	2007.3	2007.6
<b>Shinhan Bank</b>							
Accumulated	2.41	2.42	2.42	2.38	2.38	2.28	2.27
Quarterly	2.59	2.42	2.41	2.33	2.36	2.28	2.27
<b>Group</b>	<b>2.99</b>	<b>3.05</b>	<b>3.02</b>	<b>3.00</b>	<b>2.99</b>	<b>4.06</b>	<b>4.03</b>

Note) Group NIM : Includes Shinhan Bank, Jeju Bank, LG Card, Shinhan Card, Shinhan Capital



# 5. Non-Interest Income of SHB - I. Income Statement Highlights



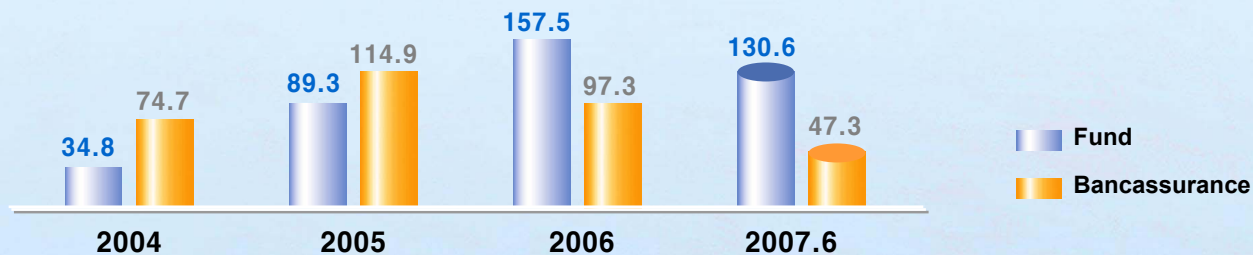
- Non-interest income increased by 92.0% (735.3 bil.) YoY, decreased by 32.8% (-301.1 bil.) QoQ
  - Fees & commissions income from sales of Funds reached 130.6 bil. (59.1% increase YoY) in 1H and trust fees also increased by 80.4% YoY.
  - Securities related income decreased by 315.7 bil. QoQ, mainly due to one-off factors difference (634.5 bil. in 1Q, 339.7 bil. in 2Q)

(KRW Billion)

	2007 1H	2006 1H	YoY		2007 2Q	2007 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
<b>Non-Interest Income (A)</b>	<b>1,534.4</b>	<b>799.1</b>	<b>735.3</b>	<b>92.0%</b>	<b>616.6</b>	<b>917.7</b>	<b>-301.1</b>	<b>-32.8%</b>
Fees & Commissions	428.1	388.2	39.9	10.3%	213.3	214.8	-1.4	-0.7%
(Fund)	130.6	82.1	48.5	59.1%	70.3	60.3	10.0	16.6%
(Bancassurance)	47.3	55.0	-7.7	-14.0%	25.8	21.5	4.3	20.0%
Trust Fees	37.5	20.8	16.7	80.4%	26.4	11.1	15.3	137.6%
Securities related	1,100.5	365.3	735.2	201.3%	392.4	708.1	-315.7	-44.6%
F/X Comm. & Others	-31.6	24.9	-56.5	n.a.	-15.4	-16.2	0.8	n.a.

Note) 2006 figures are Pro Forma based

## Fund/Bancassurance related Fees & Commissions





# 6. SG&A Expenses of SHB - I. Income Statement Highlights



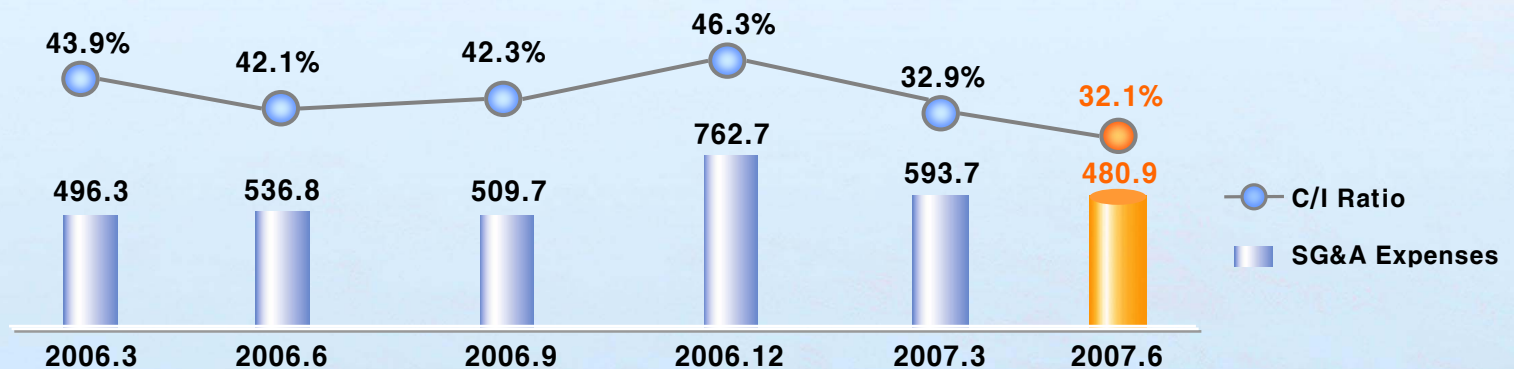
- SG&A expenses for 1H increased by 4.0% (41.5 bil.) YoY and decreased by 19.0% (-112.8 bil.) QoQ, showing optimum progress against set targets  
 → Labor costs rose seasonally during 1Q due to new payroll schedule for employees of integrated bank, while 2Q is flat for SG&A
- Cost Income Ratio of Bank for 1H marked 32.1%, a slight fall QoQ, maintaining steady levels (Group C/I Ratio, 39.9%)

(KRW Billion)

	2007	2006	YoY		2007	2007	QoQ	
	1H	1H	Chg Amt	Chg%	2Q	1Q	Chg Amt	Chg%
SG&A Expenses	1,074.7	1,033.2	41.5	4.0%	480.9	593.7	-112.8	-19.0%
Labor Costs	536.3	466.7	69.6	14.9%	181.6	354.7	-173.2	-48.8%
Admin Expenses	382.9	462.6	-79.7	-17.2%	220.9	162.0	58.9	36.3%
D&A Costs	114.5	74.9	39.6	52.9%	60.4	54.1	6.4	11.8%
Taxes & Dues	41.0	29.0	12.0	41.5%	18.0	22.9	-4.9	-21.3%

Note) 2006 figures are Pro Forma based

## SG&A Expenses and Cost Income Ratio





# 7. Income of LG Card - I. Income Statement Highlights



- 1H accumulated net income reached 1.20 tril. (1Q 865.4 bil., 2Q 335.3 bil.), 87.4% (560.2 bil.) increase YoY
- 2Q net income before tax marked 356.8 bil., 3.3% (11.3 bil.) increase compared to 345.4 bil. in 1Q
- Mainly due to 4.3% rise in credit card sales QoQ and flat SG&A expenses. Further, gain on recovery of written-off assets reached 94.5 bil. in 2Q, a slight rise compared to 93.2 bil. in 1Q

(KRW Billion)

	2007 1H	2006 1H	YoY		2007 2Q	2007 1Q	QoQ	
			Chg Amt	Chg%			Chg Amt	Chg%
Operating Revenue (a)	1,329.7	1,446.8	-117.1	-8.1%	654.0	675.7	-21.8	-3.2%
Credit Card	1,124.4	1,213.3	-88.9	-7.3%	562.0	562.4	-0.4	-0.1%
Installment Finance	66.0	48.5	17.5	36.1%	33.4	32.6	0.9	2.6%
Loans	16.0	20.7	-4.7	-22.7%	7.7	8.3	-0.6	-7.6%
Lease	43.2	37.3	5.9	15.9%	22.2	21.0	1.3	6.0%
Others	80.1	127.1	-47.0	-37.0%	28.7	51.5	-22.8	-44.3%
Interest Expense (b)	204.4	241.9	-37.5	-15.5%	102.4	102.0	0.4	0.4%
SG&A Expenses/Others (c)	570.1	563.5	6.6	1.2%	255.3	314.8	-59.6	-18.9%
Operating Income (d=a-b-c)	555.2	641.4	-86.2	-13.4%	296.3	258.9	37.4	14.5%
Non-Operating Income (e)	10.0	-1.2	11.2	n.a.	5.8	4.2	1.5	35.5%
Pre-Provision Income (f=d+e)	565.2	640.2	-74.9	-11.7%	302.1	263.1	38.9	14.8%
Loan Loss Provision (g)	-137.0	-0.4	-136.5	n.a.	-54.7	-82.3	27.6	n.a.
Earnings before Income Tax (h=f-g)	702.2	640.6	61.6	9.6%	✓ 356.8	345.4	11.3	3.3%
Income Tax	-498.5				21.4	-520.0	541.4	n.a.
Net Income	✓ 1,200.7	640.6	560.2	87.4%	335.3	865.4	-530.1	-61.3%

Note) Managed basis income statement



# 8. Income of Shinhan Card - I. Income Statement Highlights



- **1H accumulated net income stands at 111.2 bil. (1Q 54.2 bil., 2Q 57.0 bil.), decreased by 7.4% (8.9 bil.) YoY**  
→ 82.0 bil. of corporate tax effect occurred in 1Q06 due to deferred tax credit of pre-merger CHB Card and etc.
- **2Q net income of 57.0 bil., 5.2% (2.8 bil.) increase QoQ**  
→ Primarily due to increase in credit card sales, write-backs from NPL ABS (15.9 bil.), and additional provisioning (21.5 bil.) with assimilation of provision standards with LG Card.

(KRW Billion)

	2007	2006	YoY		2007	2007	QoQ	
	1H	1H	Chg Amt	Chg%	2Q	1Q	Chg Amt	Chg%
Operating Revenue (a)	544.5	356.2	188.3	52.9%	291.5	253.0	38.6	15.3%
Credit Card	503.9	350.5	153.4	43.8%	257.8	246.1	✓ 11.6	4.7%
Others	40.6	5.7	34.9	613.1%	33.8	6.8	✓ 27.0	395.9%
Interest Expense (b)	80.3	59.3	21.0	35.5%	42.4	37.9	4.4	11.7%
SG&A Expenses & Others (c)	293.2	168.9	124.2	73.5%	150.7	142.5	8.2	5.8%
Operating Income (d=a-b-c)	171.0	127.9	43.1	33.7%	98.5	72.5	26.0	35.8%
Non-Operating Income (e)	-1.7	-0.3	-1.4	n.a.	0.2	-2.0	2.2	n.a.
Pre-Provision Income (f=d+e)	169.3	127.6	41.7	32.7%	98.7	70.6	28.2	39.9%
Loan Loss Provision (g)	15.3	74.6	-59.3	-79.5%	20.0	-4.7	✓ 24.7	n.a.
Earnings before Income Tax (h=f-g)	154.0	53.0	101.1	190.7%	78.7	75.3	3.5	4.6%
Net Income	✓ 111.2	120.1	-8.9	-7.4%	✓ 57.0	54.2	2.8	5.2%

\* Managed basis income statement (1Q06 income of pre-merger CHB Card is not included)

## II. Balance Sheet Highlights

1. SFG Asset Growth
2. SHB Loan Growth
3. SHB Deposits/Finance Debentures
4. LG Card/Shinhan Card
5. Status of Integrated Credit Card Company





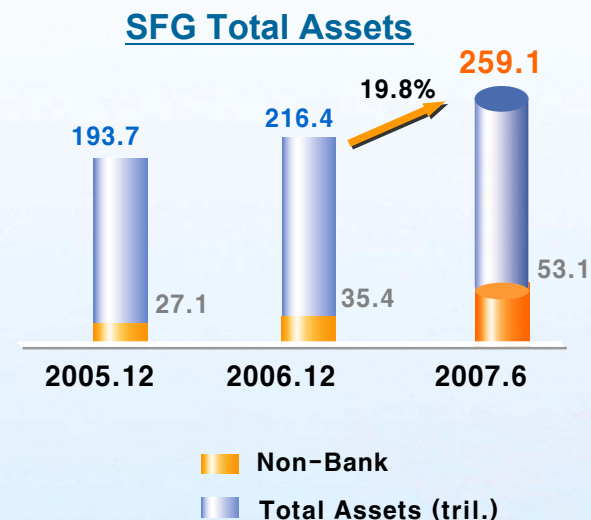
# 1. SFG Asset Growth - II. Balance Sheet Highlights



## 1) Total Assets of SFG

(KRW Billion)

	2005.12	2006.12	2007.6	YTD	
				Chg Amt	Chg%
<b>Bank</b>	<b>165,358</b>	<b>179,489</b>	<b>201,406</b>	<b>21,916</b>	<b>12.2%</b>
Shinhan Bank	163,289	177,008	198,702	21,695	12.3%
Jeju Bank	2,069	2,482	2,703	222	8.9%
<b>Non-Bank</b>	<b>27,085</b>	<b>35,412</b>	<b>53,077</b>	<b>17,666</b>	<b>49.9%</b>
LG Card	-	-	10,546	10,546	n.a.
Shinhan Card	1,532	3,558	3,732	173	4.9%
GMSH Securities	3,883	4,127	6,061	1,934	46.9%
Shinhan Life Insurance	5,129	6,226	6,801	575	9.2%
Shinhan Capital	1,401	1,948	2,982	1,033	53.0%
Shinhan BNPP ITMC	7,353	8,511	11,161	2,650	31.1%
SH Asset Mgmt.	7,788	11,041	11,796	755	6.8%
<b>Total Assets</b>	<b>193,739</b>	<b>216,362</b>	<b>259,099</b>	<b>42,737</b>	<b>19.8%</b>



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



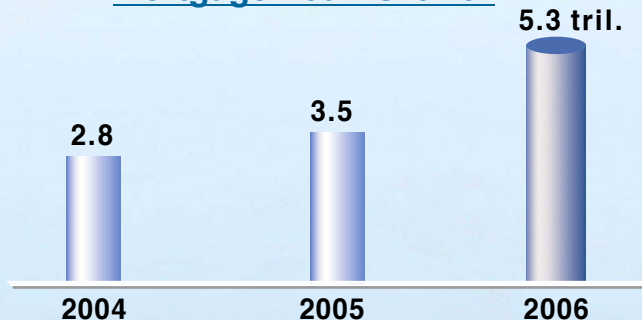
## 2. SHB Loan Growth - II. Balance Sheet Highlights



(KRW Billion)

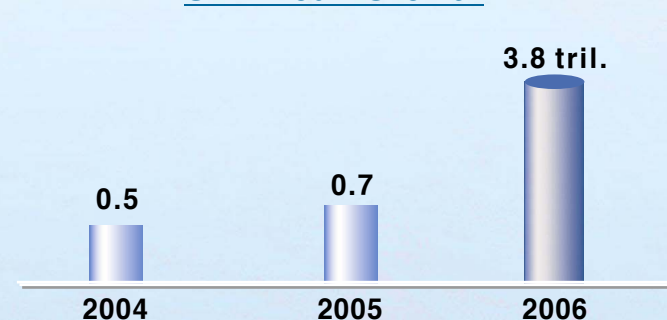
	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Loans in Won (A)	98,473	89,592	8,881	9.9%	92,835	5,637	6.1%
Retail	49,402	47,943	1,459	3.0%	47,863	1,539	3.2%
Mortgage	30,451	30,452	-1	0.0%	29,923	528	1.8%
Others	18,951	17,491	1,460	8.3%	17,941	1,011	5.6%
Corporate	49,070	41,649	7,421	17.8%	44,972	4,098	9.1%
SME	42,417	34,866	7,552	21.7%	38,210	4,207	11.0%
SOHO	15,691	13,023	2,669	20.5%	14,213	1,478	10.4%
Large Corp etc.	6,653	6,784	-130	-1.9%	6,762	-109	-1.6%
Loans in Foreign Currency (B)	6,817	6,856	-39	-0.6%	7,052	-235	-3.3%
<b>Total Loans (A+B)</b>	<b>105,290</b>	<b>96,448</b>	<b>8,842</b>	<b>9.2%</b>	<b>99,887</b>	<b>5,402</b>	<b>5.4%</b>

### Mortgage Loan Growth



Note) CAGR (2003~2006) : 15%

### SME Loan Growth



Note) CAGR (2004~2006) : 7%



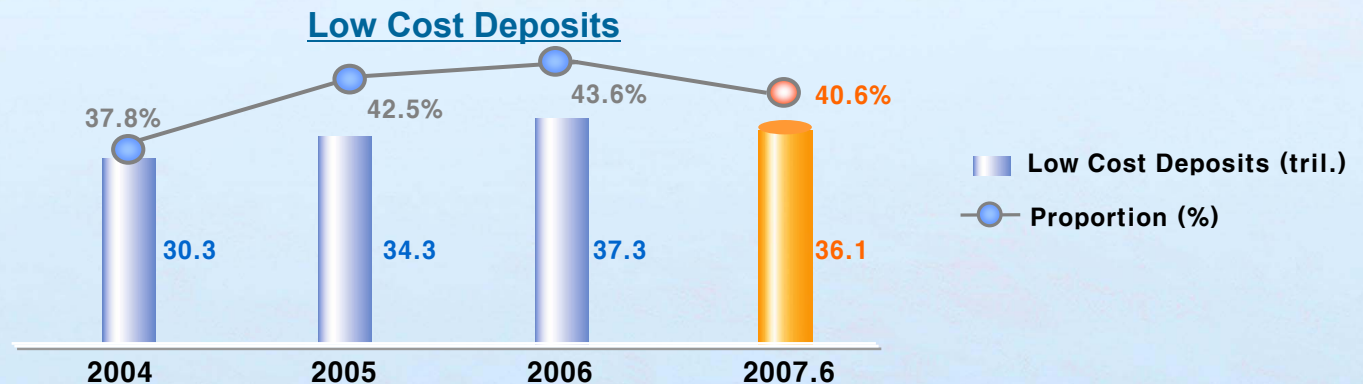
### 3. SHB Deposits/Finance Debentures - II. Balance Sheet Highlights



- Main source of loan growth in 1H are deposits in KRW (3.3 tril.), back debentures (3.2 tril.) and etc.  
→ Low cost deposits fell by 3.3% (-1.2 tril.) YTD and time deposits rose by 14.2% (4 tril.)
- Low cost deposits decreased YTD and QoQ due to heightened preference in capital market products. However, the decrease is mainly contributable to transfer of funds from MMDA, and demand deposits are maintained at stable levels.

(KRW Billion)

	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Deposits in Won	88,911	85,562	✓ 3,349	3.9%	87,563	1,348	1.5%
Low Cost Deposits	36,073	37,290	✓ -1,217	-3.3%	38,267	✓ -2,194	-5.7%
Demands	11,760	12,481	-722	-5.8%	11,580	180	1.6%
Savings	24,313	24,809	-495	-2.0%	26,687	-2,374	-8.9%
Other Savings	38,877	35,305	3,572	10.1%	37,277	1,600	4.3%
Time Deposits	32,432	28,394	4,038	14.2%	30,609	1,823	6.0%
Accumulative/Others	6,445	6,911	-466	-6.7%	6,667	-222	-3.3%
Certificate of Deposits	13,961	12,967	994	7.7%	12,019	1,942	16.2%
Finance Debentures in Won	24,947	21,704	✓ 3,243	14.9%	23,061	1,886	8.2%





## 4. LG Card - II. Balance Sheet Highlights



(KRW Billion)

	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
<b>Assets (managed basis)</b>	<b>11,963</b>	<b>11,929</b>	<b>34</b>	<b>0.3%</b>	<b>11,693</b>	<b>270</b>	<b>2.3%</b>
Receivables	<b>5,033</b>	<b>4,771</b>	<b>262</b>	<b>5.5%</b>	<b>4,755</b>	<b>278</b>	<b>5.8%</b>
(Purchase Card Assets)	<b>407</b>	<b>375</b>	<b>31</b>	<b>8.3%</b>	<b>379</b>	<b>27</b>	<b>7.2%</b>
Cash Advances	<b>2,565</b>	<b>2,686</b>	<b>-121</b>	<b>-4.5%</b>	<b>2,589</b>	<b>-24</b>	<b>-0.9%</b>
Card Loans	<b>2,632</b>	<b>2,932</b>	<b>-300</b>	<b>-10.2%</b>	<b>2,727</b>	<b>-95</b>	<b>-3.5%</b>
(Re-Aged Loans)	<b>825</b>	<b>1,051</b>	<b>-225</b>	<b>-21.5%</b>	<b>928</b>	<b>-102</b>	<b>-11.0%</b>
Installment Finance	<b>1,047</b>	<b>965</b>	<b>82</b>	<b>8.5%</b>	<b>997</b>	<b>50</b>	<b>5.0%</b>
Lease	<b>686</b>	<b>576</b>	<b>111</b>	<b>19.2%</b>	<b>625</b>	<b>61</b>	<b>9.8%</b>
<b>Quarterly Sales Volume</b>	<b>15,532</b>	<b>15,180</b>	<b>352</b>	<b>2.3%</b>	<b>14,884</b>	<b>647</b>	<b>4.3%</b>
Lump-Sum	<b>7,046</b>	<b>6,869</b>	<b>177</b>	<b>2.6%</b>	<b>6,768</b>	<b>279</b>	<b>4.1%</b>
(Check Cards)	<b>235</b>	<b>231</b>	<b>5</b>	<b>2.0%</b>	<b>225</b>	<b>10</b>	<b>4.5%</b>
Installments	<b>2,893</b>	<b>2,492</b>	<b>400</b>	<b>16.1%</b>	<b>2,544</b>	<b>349</b>	<b>13.7%</b>
Cash Advances	<b>4,406</b>	<b>4,606</b>	<b>-199</b>	<b>-4.3%</b>	<b>4,450</b>	<b>-44</b>	<b>-1.0%</b>
Card Loans	<b>754</b>	<b>724</b>	<b>30</b>	<b>4.1%</b>	<b>697</b>	<b>57</b>	<b>8.1%</b>
Installment Finance	<b>231</b>	<b>327</b>	<b>-96</b>	<b>-29.4%</b>	<b>279</b>	<b>-49</b>	<b>-17.4%</b>
Lease	<b>202</b>	<b>161</b>	<b>41</b>	<b>25.2%</b>	<b>146</b>	<b>56</b>	<b>38.2%</b>
<b>Active Customers* (thousands)</b>	<b>10,760</b>	<b>10,438</b>	<b>322</b>	<b>3.1%</b>	<b>10,564</b>	<b>196</b>	<b>1.9%</b>
<b>Merchants (thousands)</b>	<b>2,060</b>	<b>2,011</b>	<b>49</b>	<b>2.5%</b>	<b>2,033</b>	<b>27</b>	<b>1.3%</b>

\* Total Card Holders – Check Card Holders – Suspended Card Holders



## 4. Shinhan Card - II. Balance Sheet Highlights



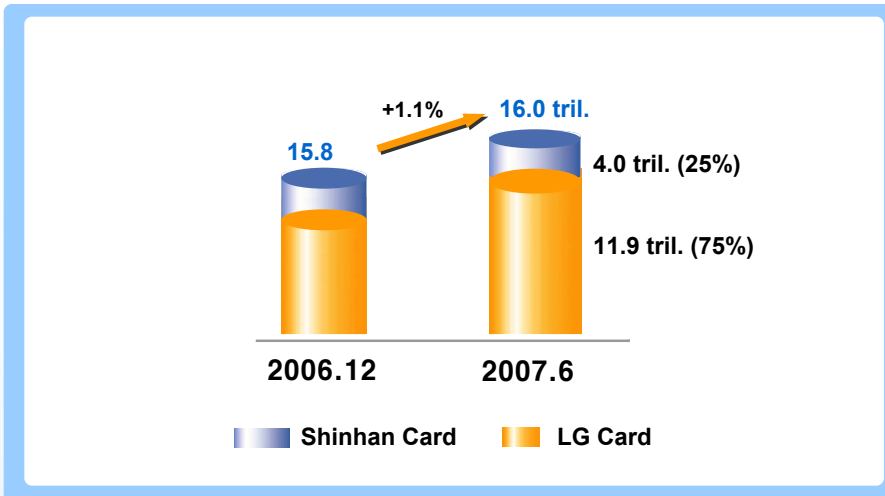
(KRW Billion)

	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Asset (managed basis)	4,040	3,900	140	3.6%	3,881	160	4.1%
Receivables	2,380	2,389	-10	-0.4%	2,339	41	1.8%
(Purchase Card Asset)	148	194	-46	-23.5%	163	-15	-9.2%
Cash Advances	1,045	984	61	6.2%	988	57	5.8%
Card Loans	615	527	88	16.7%	554	61	11.0%
(Re-Aged Loans)	60	99	-39	-39.1%	79	-18	-23.0%
Quarterly Sales Volume	7,678	7,116	562	7.9%	7,135	543	7.6%
Lump-Sum	4,385	4,083	302	7.4%	4,144	241	5.8%
(Check Cards)	447	360	87	24.2%	420	27	6.4%
Installments	1,098	1,012	86	8.5%	997	101	10.2%
Cash Advances	1,908	1,818	90	5.0%	1,783	125	7.0%
Card Loans	288	204	84	41.2%	211	76	36.0%
Active Customers (thousands)	5,250	4,767	483	10.1%	4,998	253	5.1%
Merchants (thousands)	1,750	3,107	-1,357	-43.7%	3,201	-1,451	-45.3%

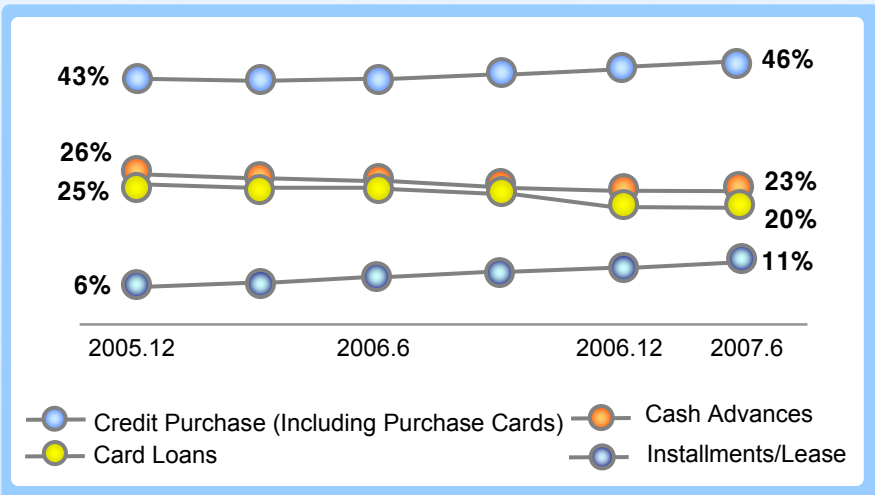
Note) Pro Forma based: Shinhan Card + CHB's credit card business



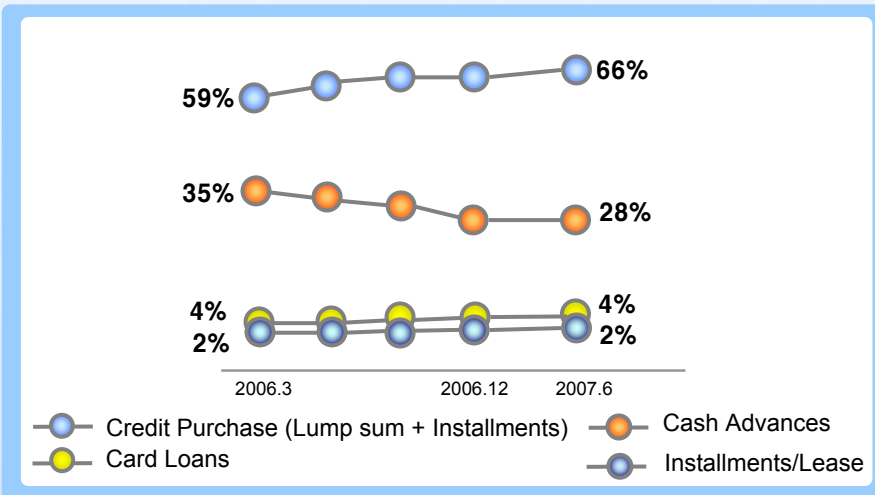
## 1) Total Assets



## 2) Proportion to Total Assets



## 3) Quarterly Sales and Proportion by Product



### III. Asset Quality

1. Asset Quality of SFG
2. Asset Quality of SHB
3. Asset Quality of LG Card/Shinhan Card
4. Asset Quality of Integrated Credit Card Company
5. Loan Loss Provision/Write-Off





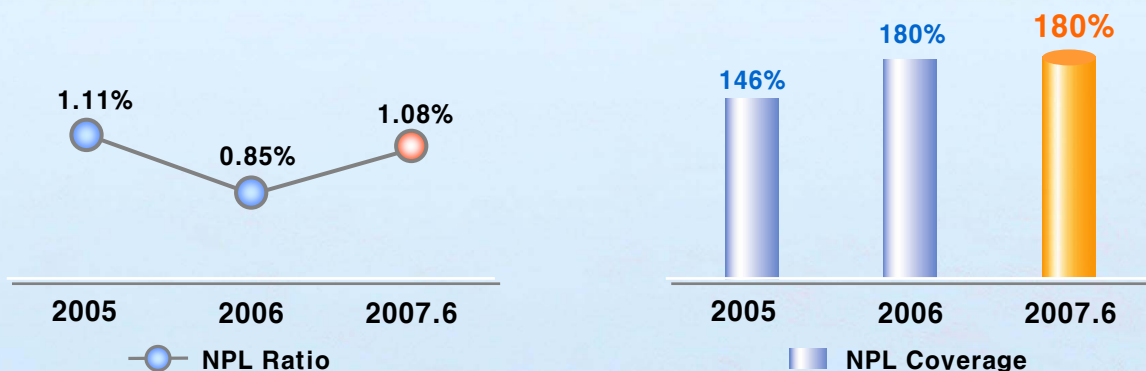
# 1. Asset Quality of SFG - III. Asset Quality



(KRW Billion)

	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Total Loans*	151,318	127,095	24,222	19.1%	143,702	7,616	5.3%
Normal	147,681	124,424	23,257	18.7%	139,706	7,976	5.7%
Precautionary	2,003	1,593	410	25.8%	2,390	-387	-16.2%
Substandard	571	492	79	16.0%	506	65	12.9%
Doubtful	218	200	18	9.0%	244	-26	-10.8%
Estimated Loss	844	386	458	118.6%	856	-12	-1.4%
Substandard & Below	1,633	1,079	555	51.4%	1,606	27	1.7%
NPL Ratio	1.08%	0.85%		0.23%p	1.12%		-0.04%p
Loan Loss Reserve	2,933	1,942	991	51.0%	2,943	-10	-0.3%
NPL Coverage Ratio	180%	180%			183%		-3%p

\* Including assets of Shinhan/Jeju Bank, LG Card, Shinhan Card, Good Morning Shinhan Securities, Shinhan Life Insurance, and Shinhan Capital





## 2. Asset Quality of SHB - III. Asset Quality



(KRW Billion)

	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	
Total Loans	127,717	117,552	10,165	8.6%	121,413	5,304	5.2%
Normal	125,543	115,253	10,289	8.9%	118,995	6,548	5.5%
Precautionary	1,216	1,416	-200	-14.1%	1,514	-298	-19.7%
Substandard	545	471	73	15.6%	488	56	11.5%
Doubtful	100	126	-27	-21.1%	111	-11	-10.1%
Estimated Loss	314	285	29	10.1%	304	10	3.1%
Substandard & Below	958	883	76	8.6%	904	54	6.0%
NPL Ratio	0.75%	0.75%			0.74%		0.01%p
Loan Loss Reserves	1,696	1,626	70	4.3%	1,667	29	1.7%
NPL Coverage Ratio	177%	184%		-7.2%p	185%		-8%p
Write-off (Quarterly)	49	52	-3	-5.6%	56	-7	-11.6%
Delinquency Ratio	0.69%	0.65%		0.05%p	0.70%		-0.01%p
Retail	0.52%	0.61%		-0.09%p	0.64%		-0.12%p
Mortgage	0.27%	0.32%		-0.05%p	0.32%		-0.04%p
Others	0.95%	1.16%	n.a.	-0.21%p	1.26%	n.a.	-0.30%p
Corporate	1.10%	0.98%		0.13%p	1.07%		0.03%p
SME	0.97%	0.85%		0.12%p	0.94%		0.03%p
SOHO	0.96%	0.99%		-0.03%p	1.04%		-0.08%p
Large Corp.	1.94%	1.82%		0.11%p	2.09%		-0.15%p

Note) Pro Forma based





### 3. Asset Quality of LG Card - III. Asset Quality



(KRW Billion)

	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Assets (Managed)	11,963	11,929	34	0.3%	11,693	270	2.3%
Normal	10,855	11,237	-382	-3.4%	10,466	389	3.7%
Precautionary	606	111	496	448.0%	691	-85	-12.3%
Substandard	4		4	n.a.		4	n.a.
Doubtful	73	93	-19	-21.0%	83	-10	-11.7%
Estimated Loss	424	488	-64	-13.1%	452	-28	-6.1%
Substandard & Below	502	581	-79	-13.6%	535	-33	-6.2%
NPL Ratio	4.19%	4.87%		-0.7%p	4.58%		-0.4%p
Loan Loss Reserves (Managed)	900	1,105	-205	-18.6%	969	-69	-7.1%
NPL Coverage Ratio	179%	190%		-11%p	181%		-2%p
NPL Sales (Quarterly)							
Write-Off (Quarterly)	104	150	-46	-31%	115	-11	-9%
Delinquency Ratio (1M and Over)	3.9%	4.5%		-0.6%p	4.4%		-0.5%p



### 3. Asset Quality of Shinhan Card - III. Asset Quality



(KRW Billion)

	2007.6	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
<b>Assets (Managed)</b>	<b>4,040</b>	<b>3,900</b>	<b>140</b>	<b>3.6%</b>	<b>3,881</b>	<b>160</b>	<b>4.1%</b>
Normal	<b>3,861</b>	<b>3,668</b>	<b>192</b>	<b>5.2%</b>	<b>3,674</b>	<b>187</b>	<b>5.1%</b>
Precautionary	<b>98</b>	<b>109</b>	<b>-11</b>	<b>-9.8%</b>	<b>108</b>	<b>-10</b>	<b>-9.5%</b>
Substandard							
Doubtful	<b>36</b>	<b>67</b>	<b>-31</b>	<b>-46.7%</b>	<b>43</b>	<b>-7</b>	<b>-16.3%</b>
Estimated Loss	<b>46</b>	<b>56</b>	<b>-10</b>	<b>-18.7%</b>	<b>55</b>	<b>-10</b>	<b>-17.9%</b>
<b>Substandard &amp; Below</b>	<b>81</b>	<b>123</b>	<b>-42</b>	<b>-34.0%</b>	<b>98</b>	<b>-17</b>	<b>-17.2%</b>
NPL Ratio	<b>2.02%</b>	<b>3.16%</b>		<b>-1.1%p</b>	<b>2.53%</b>		<b>-0.5%p</b>
<b>Loan Loss Reserves (Managed)</b>	<b>205</b>	<b>211</b>	<b>-6</b>	<b>-2.8%</b>	<b>196</b>	<b>9</b>	<b>4.4%</b>
NPL Coverage Ratio	<b>252%</b>	<b>171%</b>		<b>81%p</b>	<b>200%</b>		<b>52.2%p</b>
NPL Sales (Quarterly)		<b>1</b>	<b>1</b>				
Write-Off (Quarterly)	<b>34</b>	<b>63</b>	<b>-29</b>	<b>-46%</b>	<b>32</b>	<b>2</b>	<b>7%</b>
Delinquency Ratio (1M and Over)	<b>2.1%</b>	<b>2.4%</b>		<b>-0.3%p</b>	<b>2.3%</b>		<b>-0.2%p</b>

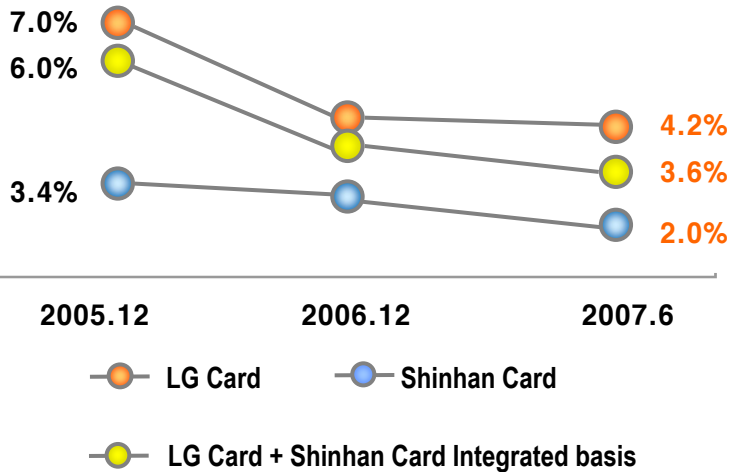
Note) Pro Forma based: Shinhan Card + CHB's credit card operations



# 4. Asset Quality of Integrated Credit Card Company - III. Asset Quality

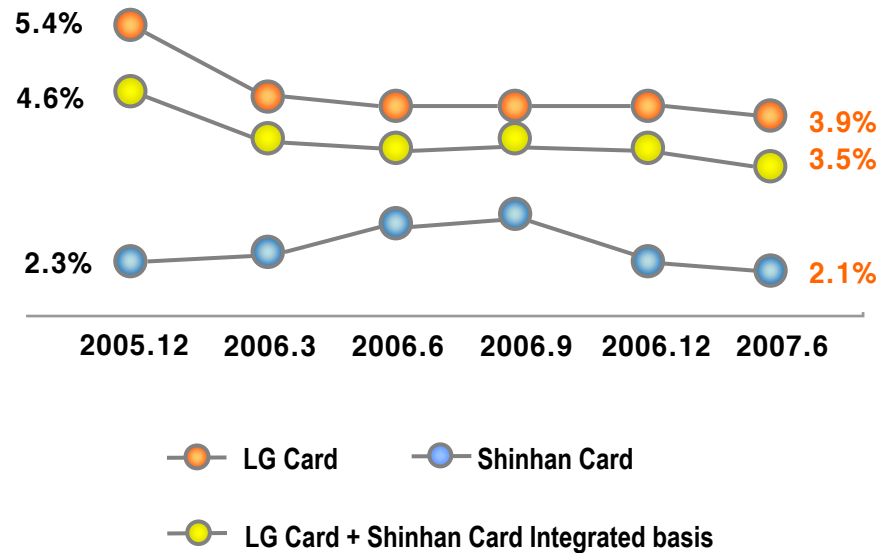


## 1) NPL Ratio and NPL Coverage Ratio



	2005.12	2006.12	2007.6
NPL Amt (bil.)	928.4	704.6	583.0
NPL Coverage Ratio	163%	187%	190%

## 2) Delinquency Ratio of 1M and Over





# 5. Loan Loss Provision/Write-Off - III. Asset Quality



## 1) Loan Loss Provision of major subsidiaries <sup>1)</sup>

(KRW Billion)

	FY2005	FY2006	1Q	2Q	FY2007
<b>Shinhan Bank <sup>2)</sup></b>					
Retail	275.1	265.7	52.6	15.0	67.6
Corporate	395.8	209.7	-0.7	104.2	103.5
Sub-total	670.9	475.4	51.9	119.2	171.1
LG Card			-82.3	-54.7	-137.0
Shinhan Card <sup>3)</sup>	249.4	116.7	-4.7	20.0	15.3
<b>Total</b>	<b>920.3</b>	<b>592.1</b>	<b>-35.1</b>	<b>84.5</b>	<b>49.4</b>

## 2) Write Offs of major subsidiaries

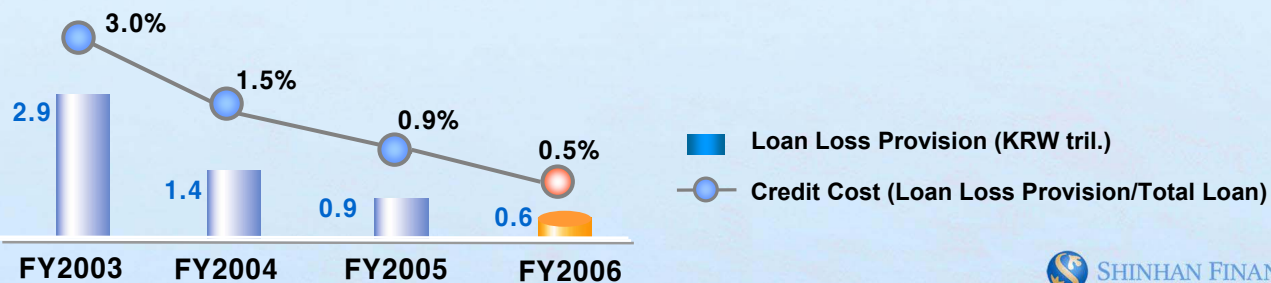
(KRW Billion)

	FY2005	FY2006	1Q	2Q	FY2007
<b>Shinhan Bank <sup>2)</sup></b>					
Retail	246.7	81.9	18.6	40.7	59.3
Corporate	197.3	82.2	37.2	8.7	45.9
Sub-total	444.0	164.1	55.8	49.4	105.2
LG Card			115.0	104.1	219.1
Shinhan Card <sup>3)</sup>	353.2	207.3	31.8	34.0	65.8
<b>Total</b>	<b>797.2</b>	<b>371.4</b>	<b>202.6</b>	<b>187.5</b>	<b>390.1</b>

Note 1) Non-consolidated basis

2) Pre-merger SHB + Pre-merger CHB

3) Pre-merger Shinhan Card + Pre-merger credit card operations of CHB



## IV. Capital Adequacy Highlights

### 1. Capital Adequacy





# 1. Capital Adequacy - IV. Capital Adequacy Highlights



## 1) Group

	2007.6 (E)	2007.3	QoQ Chg%
BIS Ratio	10.5%	9.1%	1.4%p
Tier I Ratio	5.5%	4.9%	0.7%p
Tier II Ratio	5.0%	4.3%	0.7%p

## 2) Shinhan Bank \*

(KRW Billion)

	2007.6 (E)	2006.12	YTD		2007.3	QoQ	
			Chg Amt	Chg%		Chg Amt	Chg%
Risk-Weighted Assets	128,268	113,558	14,711	13.0%	117,645	10,623	9.0%
Tier I Capital	10,354	8,870	1,484	16.7%	9,671	683	7.1%
Tier II Capital	4,900	4,770	130	2.7%	4,362	538	12.3%
BIS Ratio	11.9%	12.0%		-0.1%p	11.9%		
Tier I Ratio	8.1%	7.8%	n.a.	0.3%p	8.2%	n.a.	-0.1%p
Tier II Ratio	3.8%	4.2%		-0.4%p	3.7%		0.1%p

\* Shinhan Bank + Chohung Bank

## V. Key Financial Ratios

### 1. Key Financial Ratios





# 1. Key Financial Ratios - V. Key Financial Ratios



	2007 2Q	2007 1Q	FY2006	FY2005
<b>SFG</b>				
ROA	<b>1.73%</b>	2.11%	1.08%	1.03%
ROE	<b>22.91%</b>	27.28%	17.66%	18.90%
BPS (KRW)	<b>35,891</b>	33,661	27,430	23,991
EPS (KRW)	<b>7,139</b>	8,492	4,425	3,694
Cost/Income	<b>39.9%</b>	37.6%	49.7%	48.4%
Cost/Income <sup>1)</sup>	<b>36.3%</b>	35.1%	47.2%	46.5%
<b>Shinhan Bank</b>				
ROA	<b>1.86%</b>	2.06%	1.11%	1.09%
ROE	<b>29.96%</b>	34.23%	18.56%	20.72%
Loan/Deposit	<b>110.8%</b>	106.0%	104.7%	99.2%
Cost/Income	<b>32.1%</b>	32.9%	46.3%	44.2%
NPL	<b>0.75%</b>	0.74%	0.75%	1.05%

Note 1) Excluding goodwill amortization from cost

## VI. Appendix

1. Investment Securities of SHB

2. Loans to SMEs





# 1. Investment Securities of SHB – VI. Appendix

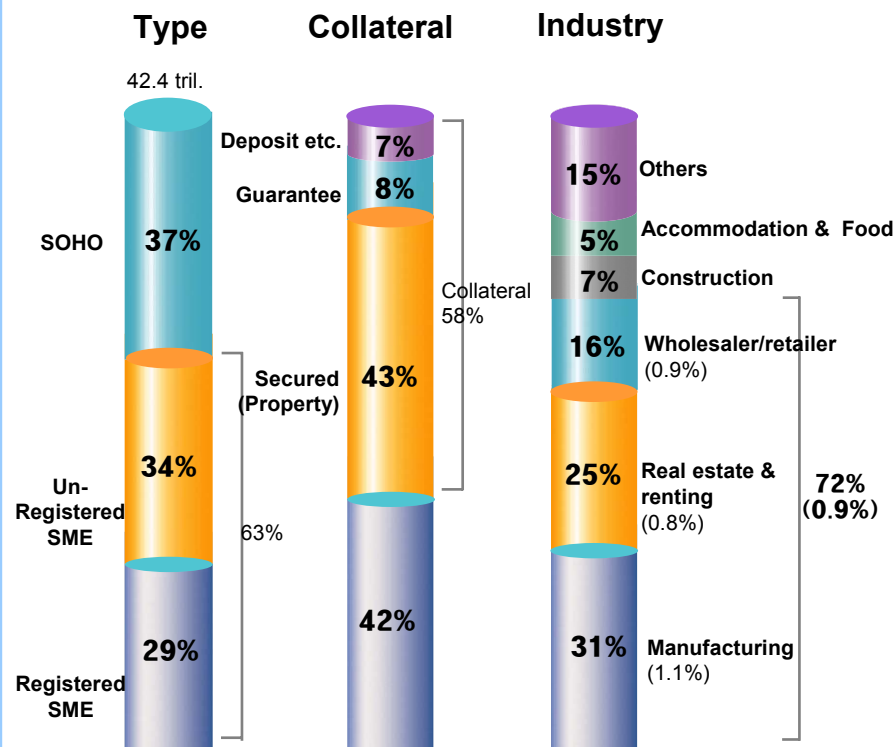


(As of June 2007)

	Shares (thousands)	Ownership (%)	Acquisition Cost/Share (KRW)	Book Value/Share (KRW)	Valuation Gain (KRW Billion)
Hynix	27,979	6.10	3,862	33,912	840.8
SK Networks	22,615	9.45	5,016	23,353	410.1
Hyundai Eng. & Con.	4,534	4.09	28,395	53,585	114.2
Ssangyong Cement	10,000	13.39	9,520	11,695	21.8
Daewoo Eng. & Con.	2,159	0.63	18,196	23,796	10.4
Daewoo International	1,523	1.60	3,406	36,763	50.8
Ssangyong Eng. & Con.	1,365	4.58	4,230	13,659	12.9
<b>Total</b>					<b>1,461.0</b>



## 1) Loans to SMEs (June 2007)



Note) Parenthesis show delinquency

## 2) SME Loan Growth during 1H07

	(KRW Trillion)	
	Increase Amt	Delinquency Ratio (07.6)
Registered SME	2.6	0.95%
Un-registered SME	2.3	
SOHO	2.6	1.00%
<b>Total</b>	<b>7.5</b>	<b>0.97%</b>

## 3) SOHO Collateral (June 2007)

