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Your Total Financial Solution : Shinhan Financial Group

2008 1Q Business Results

May 2008



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.

For comparison purposes, please note the following facts:

- 1) As of October 1, 2007, LG Card merged with Shinhan Card and the new integrated Shinhan Card was launched. Please note that figures for the pre-merger have been provided in an integrated (pro-forma) basis for comparison purposes.
- 2) As of this quarter, according to the changes in accounting treatment of Joint Venture companies, we applied consolidation methods instead of equity methods to Shinhan BNPP ITMC, SH&C Life, and Shinhan Macquarie Financial Advisory.

This presentation material is available at our website : www.shinhangroup.com



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2008 1Q Business Results Highlights

SHINHAN FINANCIAL GROUP

Net Income

KRW 620.4 bil.

- Group's consolidated net income for 2008 1Q recorded KRW620.4 billion, -35.4% decrease or KRW339.4 billion YoY and 174.8% increase or KRW394.7 billion QoQ.
- Non-Bank subsidiaries' net income contribution reached 53.7%. Excluding KRW99.8 billion of Visa IPO gains, contribution marked 47.3%.

Group Asset

KRW 304 tril.

- As of March 2008, group's total asset marked KRW304 trillion, 10.7% increase YTD. (bank 11.4%, non-Bank 4.5%)
- Shinhan Bank's loans in KRW recorded KRW110 trillion, 3.8% increase YTD (retail 1.8%, corporate 5.9%)
- SME loans (SOHO included) recorded KRW48 trillion, 4.3% increase YTD (SOHO 2.9% increase)

Shinhan Bank

NIM decreased

-12bp QoQ

- Shinhan Bank NIM decreased by 12bp QoQ from 2.30% to 2.18%. (accumulated basis 8bp decrease)
- Despite ease of loan competition, margin contraction mainly attributed to the sharp increase in funding cost.
- Shinhan Card's total operating yield is well maintained at 21.6% and pre-provision operating yield at 7.6%.

Group

NPL ratio

1.06%

- Group NPL ratio 1.06%, a 6bp increase YTD (Shinhan Bank 0.82%, Shinhan Card 2.97%)
- Group and Shinhan Bank's Precautionary & below ratio 1.99% and NPL ratio 1.46%, -13bp and -8bp decrease YTD respectively
- Shinhan Card NPL ratio 2.97%, a 7bp decrease YTD

II Income Statement Highlights

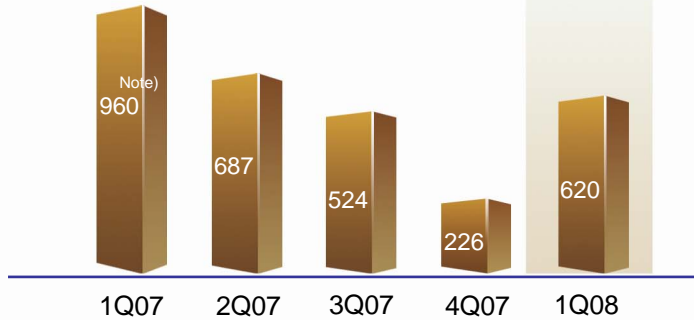
- 1. SFG Income**
- 2. Subsidiaries Income**
- 3. SHB Income / NIM**
- 4. SHB Non-Interest Income / SG&A**
- 5. Shinhan Card Income**





SFG Net Income

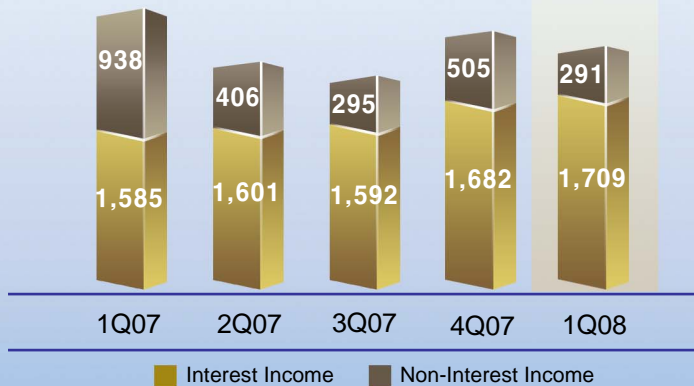
(KRW Billion)



Note) Including LG Card related income of 337 bil.(after-tax)

Interest + Non-Interest Income

(KRW Billion)



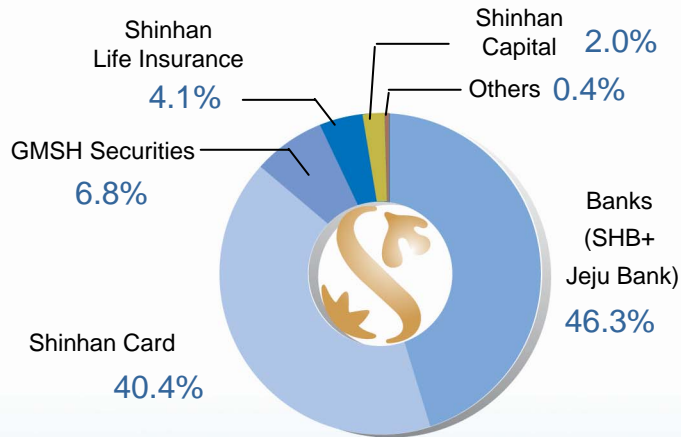
(KRW Billion)	1Q08	1Q07	YoY%	4Q07	QoQ%
Total Operating Income(a=b+c)	1,999.0	2,522.9	-20.8	2,186.8	-8.6
Interest Income (b)	1,708.5	1,584.7	7.8	1,682.3	1.6
Non-Interest Income (c)	290.5	938.2	-69.0	504.5	-42.4
SG&A Expenses (d)	1,040.2	952.4	9.2	1,176.7	-11.6
Pre-provision Operating Income (e=a-d)	958.9	1,570.5	-38.9	1,010.2	-5.1
Non-Operating Income (f)	46.5	14.1	-	113.7	-59.1
Pre-Provision Income (g=e+f)	1,005.3	1,584.6	-36.6	1,123.9	-10.5
Loan Loss Provision (h)	102.8	-15.6	n.a.	761.4	-86.5
Earnings before Income Tax (i=g-h)	902.5	1,600.2	-43.6	362.5	149.0
Income Tax (j)	280.1	-148.6	n.a.	123.6	126.5
Net Income of Subsidiaries before Purchase Date (k)	-	768.6	n.a.	-0.4	n.a.
Total Net Income (l=i-j-k)	622.4	980.1	-36.5	239.2	160.2
Consolidated Net Income	620.4	959.8	-35.4	225.7	174.8

Note) For comparison purpose, 1Q07 and 4Q07 figures have been revised according to the changes in accounting treatment of Joint Venture companies



Subsidiaries Income

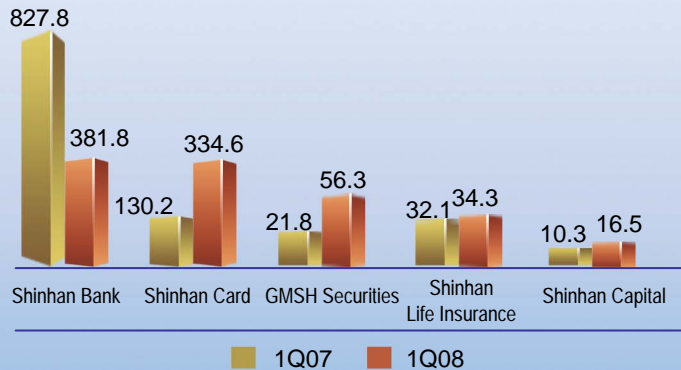
Net Income contribution by subsidiaries



Note) After reflecting ownership by SFG

Net Income YoY comparison by subsidiaries

(KRW Billion)



(KRW Billion)	Net Income	SFG Ownership	Net Income (1*Ownership)	Adjustments	Consolidated Net Income
	[1]	[2]	[3=1 x 2]	[4]	[5=3+4]
Bank (a)	385.1		383.8	-31.5	352.3
Shinhan Bank	381.8	100.0%	381.8	-31.7 ¹⁾	350.1
Jeju Bank	3.3	62.4%	2.0	0.2 ¹⁾	2.2
Non-Bank (b)	447.4		444.8	-91.6	353.1
Shinhan Card	334.6 ²⁾	100.0%	334.6	-72.7 ¹⁾	261.9
GMSH Securities	56.3	100.0%	56.3	-6.4 ¹⁾	49.9
Shinhan Life Insurance	34.3	100.0%	34.3	-13.2 ¹⁾	21.1
Shinhan Capital	16.5	100.0%	16.5	1.8	18.3
Shinhan Credit Information	0.4	100.0%	0.4		0.4
Shinhan Private Equity	0.0	100.0%	0.0		0.0
Shinhan BNPP ITMC	7.9	50.0%	4.0		4.0
SH&C Life Insurance	1.1	50.0%	0.6	-1.1	-0.6
Shinhan Macquarie FA	-3.7	51.0%	-1.9		-1.9
SFG (c)				-85.0 ³⁾	-85.0
Total (d=a+b+c)	832.5		828.5	-208.1	620.4

Note1) 1Q08 goodwill amortization: SHB 15.3 bil., Shinhan Card 77.1 bil., GMSH Securities 4.3 bil. Shinhan Life Insurance 10.5 bil.

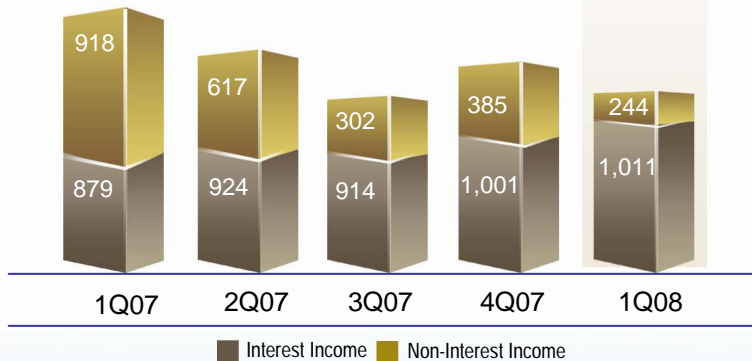
2) Including KRW 17.1 bil. net income of SHC management, a liquidation entity of former Shinhan credit card

3) SFG expense (Non-consolidated): Interest expense -72.8 bil, SG&A -12.2 bil.



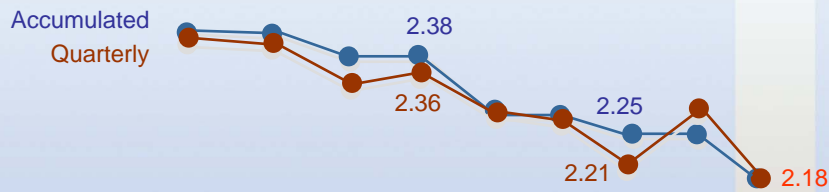
Interest + Non-Interest Income

(KRW Billion)



(KRW Billion)	1Q08	1Q07	YoY%	4Q07	QoQ%
Total Operating Income (a=b+c)	1,255.9	1,797.0	-30.1	1,386.7	-9.4
Interest Income (b)	1,011.5	879.2	15.0	1,001.4	1.0
Non-Interest Income (c)	244.4	917.7	-73.4	385.3	-36.6
SG&A Expenses (d)	657.5	593.8	10.7	738.5	-11.0
Pre-provision Operating Income (e=a-d)	598.4	1,203.2	-50.3	648.2	-7.7
Non-Operating Income (f)	-16.1	-1.5	n.a.	3.1	n.a.
Pre-Provision Income (g=e+f)	582.3	1,201.7	-51.5	651.3	-10.6
Loan Loss Provision (h)	54.1	52.0	3.9	380.3	-85.8
Earning before Income Tax (i=g-h)	528.2	1,149.6	-54.1	271.0	94.9
Net Income	381.8	827.8	-53.9	197.4	93.4

NIM



(unit:%)

	2006				2007				2008
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Accumulated Quarterly	2.42	2.42	2.38	2.38	2.28	2.27	2.25	2.26	2.18
Quarterly	2.42	2.41	2.33	2.36	2.28	2.27	2.21	2.30	2.18

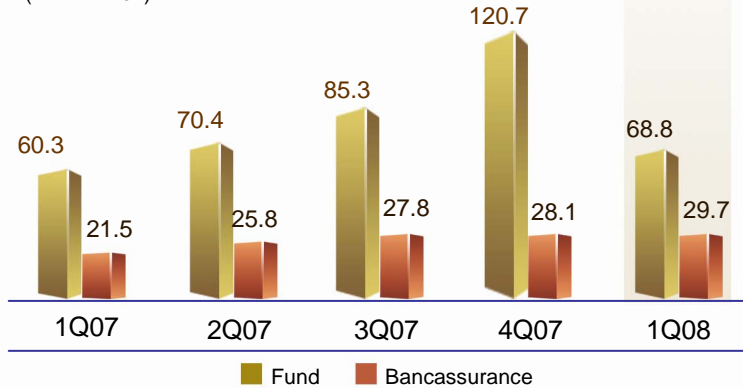
(KRW Billion, %)	1Q07	2Q07	3Q07	4Q07	1Q08
NIS (a-b)	2.75	2.72	2.66	2.76	2.65
Loan Interest Rate (a)	6.43	6.52	6.58	6.83	7.02
Deposit Interest Rate (b)	3.68	3.79	3.92	4.07	4.37
NIM	2.28	2.27	2.21	2.30	2.18
Interest Income	734	770	792	847	828
Interest Bearing Assets	130,749	136,326	142,129	146,026	152,104

Note) Quarterly basis (one-offs excluded)



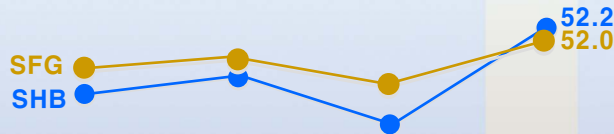
Fund/Bancassurance related Fees & Commissions

(KRW Billion)



■ Fund ■ Bancassurance

Cost Income Ratio



(unit:%)

	FY05	FY06	FY07	1Q08
SFG	48.4	49.7	46.6	52.0
SHB	44.2	46.3	40.2	52.2

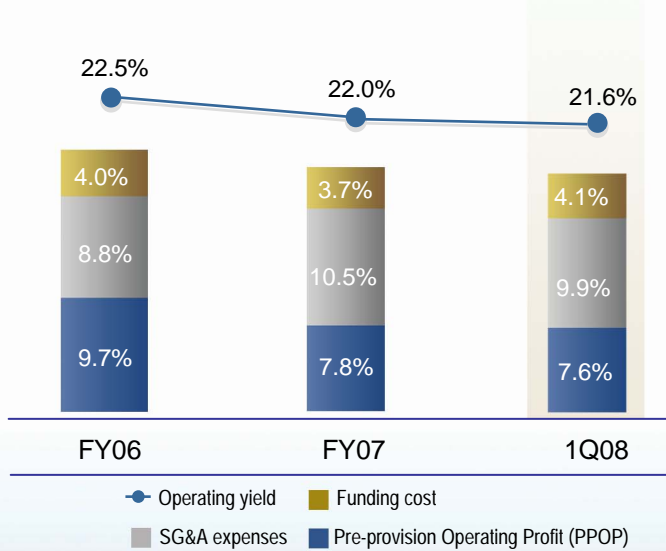
Note) Group's cost income ratio includes goodwill amortization cost.
(97.4 bil. for FY05, 148.4 bil. for FY06, 375.9 bil. for FY07 and 107.1 bil., for 1Q08)

(KRW Billion)	1Q08	1Q07	YoY%	4Q07	QoQ%
Non-Interest Income	244.4	917.7	-73.4	385.3	-36.6
Fees&Commissions	254.2	214.8	18.4	291.7	-12.9
(Fund)	(68.8)	(60.3)	(14.1)	(120.7)	(-43.0)
(Bancassurance)	(29.7)	(21.5)	(38.3)	(28.1)	(5.8)
Trust Fees	11.9	11.1	7.2	11.9	-0.1
Securities related	51.9	708.1	-92.7	70.5	-26.4
Others	-73.6	-16.2	n.a.	11.1	n.a.

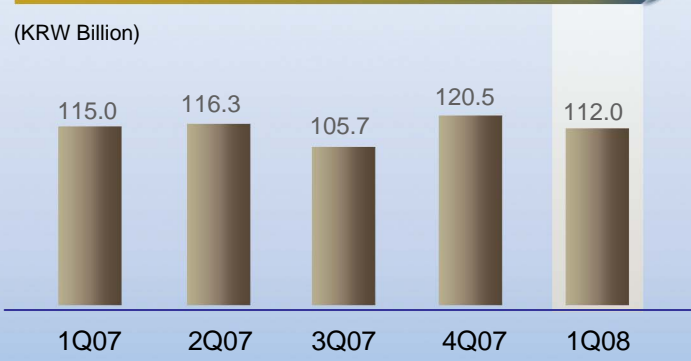
(KRW Billion)	1Q08	1Q07	YoY%	4Q07	QoQ%
SG&A Expenses	657.5	593.7	10.7	738.5	-11.0
Labor Costs	355.8	354.7	0.3	306.4	16.1
Admin Expenses	208.4	162.0	28.7	327.5	-36.4
D&A Costs	53.8	54.1	-0.5	71.1	-24.3
Taxes&Dues	39.4	22.9	71.9	33.5	17.8



Operating Yield



Recovery from Written-off Assets



(Note) 436 bil. For FY06, 457.5 bil. for FY07

(KRW Billion)	1Q08	1Q07	YoY%	4Q07	QoQ%
Operating Revenue (a)	1,083.8	928.7	16.7	1,059.5	2.3
Credit Card	832.1	808.6	2.9	869.4	-4.3
Installment Finance	40.4	32.6	23.9	39.6	2.0
Loans	2.1	8.3	-75.0	-3.7	n.a.
Lease	19.6	21.0	-6.7	24.3	-19.4
Others	189.7	58.3	225.6	130.0	45.9
Interest Expense (b)	173.7	139.9	24.1	178.8	-2.9
SG&A Expenses/ Others (c)	518.9	457.3	13.5	474.2	9.4
Operating Income (d=a-b-c)	391.2	331.4	18.0	406.5	-3.8
Non-Operating Income (e)	50.7	2.3	-	135.9	-62.7
Pre-provision Income (f=d+e)	442.0	333.7	32.4	542.5	-18.5
Loan Loss Provision (g)	3.2	-87.0	n.a.	416.4	-99.2
Earnings before Income Tax (h=f-g)	438.7	420.7	4.3	126.0	248.2
Income Tax	121.3	-498.9	n.a.	33.3	263.7
Net Income	317.5	919.6	-65.5	92.7	242.6

(Note) Pro Forma based (Shinhan Card + LG Card)

III Balance Sheet Highlight

1. SFG Asset Growth

2. SHB Loan / Deposit Growth

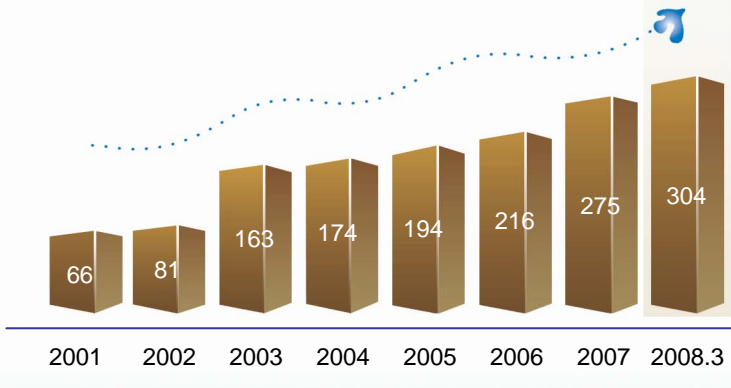
3. Shinhan Card Asset Growth



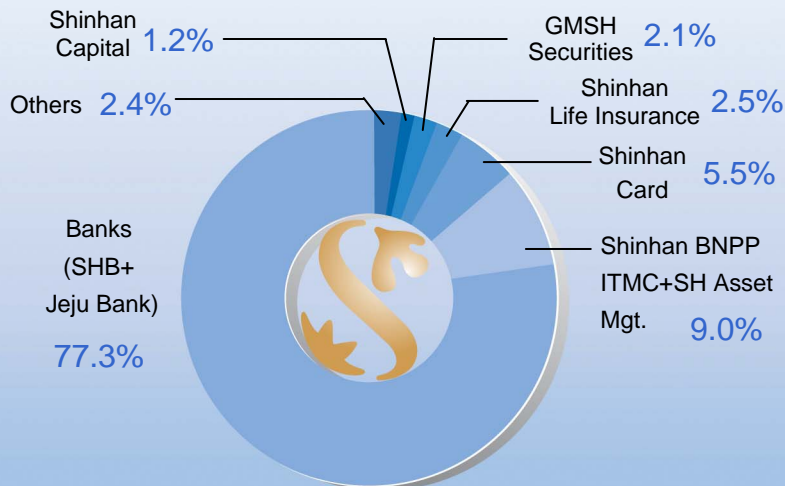


SFG Total Assets

(KRW Trillion)



Assets contribution by subsidiaries



(KRW Billion)

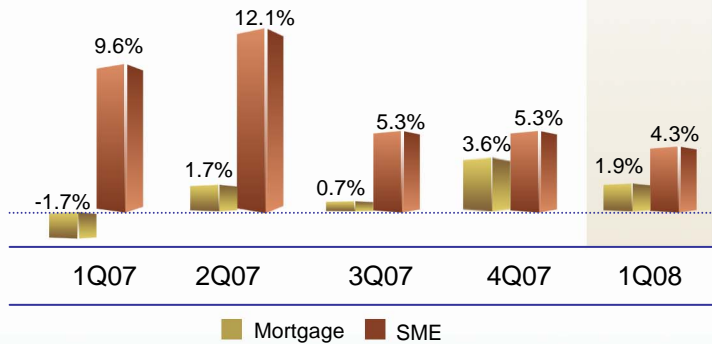
	2008.3	2007.12	YTD%	2007.3
Bank	235,130	211,100	11.4	187,945
Shinhan Bank	232,344	208,315	11.5	185,291
Jeju Bank	2,786	2,785	-	2,654
Non-Bank	62,025	59,340	4.5	48,386
Shinhan Card	16,755	16,881	-0.7	9,868
GMSH Securities	6,502	6,686	-2.8	5,460
Shinhan Life Insurance	7,700	7,411	3.9	6,485
Shinhan Capital	3,546	2,963	19.7	2,350
Shinhan BNPP ITMC	15,751	15,052	4.6	9,290
SH Asset Mgt.	11,771	10,347	13.8	11,379
Total Assets ^{Note)}	304,270	274,834	10.7	240,133

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



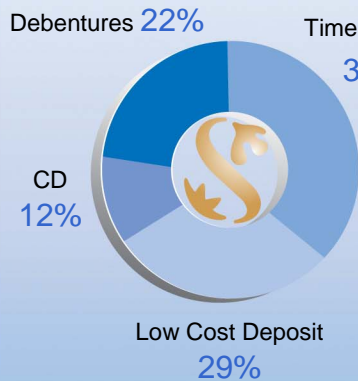
Loan Growth

(Unit:%)

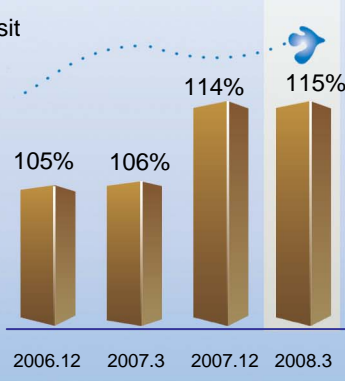


Note) Quarterly basis

Funding Composition



Loan-to-Deposit Ratio



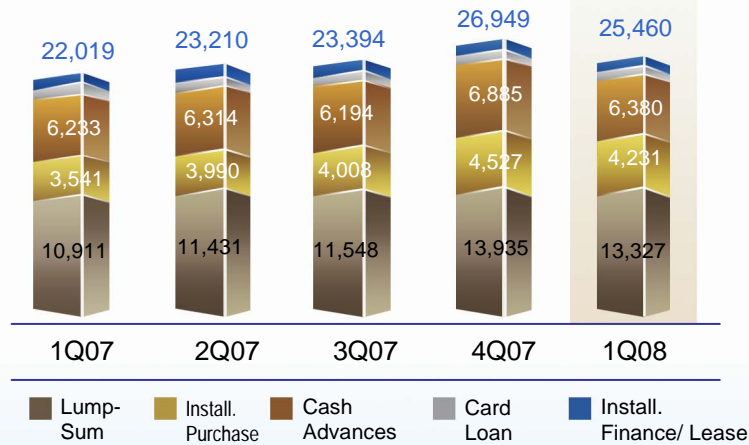
(KRW Billion)	2008.3	2007.12	YTD%	2007.3	YoY%
Loans in KRW	110,060	105,995	3.8	92,835	18.6
Retail	53,173	52,257	1.8	47,863	11.1
Mortgage	32,336	31,744	1.9	29,923	8.1
Others	20,837	20,513	1.6	17,941	16.1
Corporate	56,887	53,737	5.9	44,972	26.5
SME	48,093	46,093	4.3	38,210	25.9
SOHO	17,598	17,109	2.9	14,213	23.8
Large Corp. etc	8,794	7,644	15.0	6,762	30.0
Loans in Foreign Currency	7,750	6,899	12.3	6,872	12.8

(KRW Billion)	2008.3	2007.12	YTD%	2007.3	YoY%
Total Deposits in KRW	95,830	92,907	3.1	87,563	9.4
Low Cost Deposits	35,708	37,993	-6.0	38,267	-6.7
Demands	12,279	12,406	-1.0	11,580	6.0
Savings	23,428	25,586	-8.4	26,687	-12.2
Other Savings	45,107	39,747	13.5	37,277	21.0
Time Deposits	39,902	34,293	16.4	30,609	30.4
Accumulative/Others	5,204	5,453	-4.6	6,667	-21.9
Certificate of Deposit	15,015	15,168	-1.0	12,019	24.9
Debentures in KRW	27,649	25,122	10.1	23,061	19.9

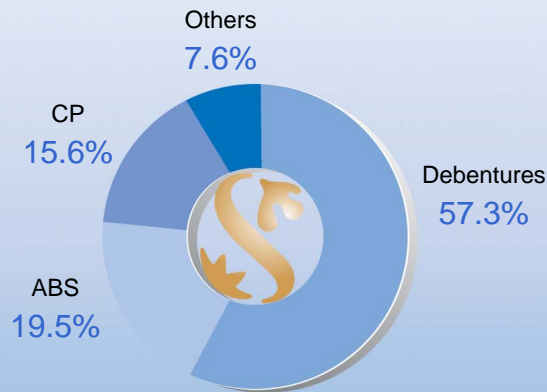


Transaction Volume

(KRW Billion)



Funding Composition



(KRW Billion)	2008.3	2007.12	YTD%	2007.3	YoY%
Assets (Managed)	17,109	17,273	-0.9	15,573	9.9
Receivables	8,218	8,093	1.5	7,094	15.9
Cash Advances	3,709	3,727	-0.5	3,577	3.7
Card Loans	3,260	3,432	-5.0	3,281	-0.6
(Re-Aged Loans)	630	717	-12.1	1,006	-37.4
Installment Finance	1,286	1,219	5.5	997	29.0
Lease	637	802	-20.6	625	1.9
Active Customers(Thousands)	13,503	13,346	1.2	13,062	3.4
Merchants(Thousands)	2,182	2,154	1.3	2,033	7.3

Note) Figures for March 2007 are Pro Forma based. (former Shinhan Card + former LG Card)

(KRW Billion)	2008.3	2007.12	YTD%
Total Funding	12,530	12,347	1.5
Debentures	7,178	6,967	3.0
ABS	2,442	2,799	-12.7
CP	1,955	1,762	10.9
Others	955	819	16.6

IV Asset Quality

1. SFG Asset Quality

2. SHB Asset Quality

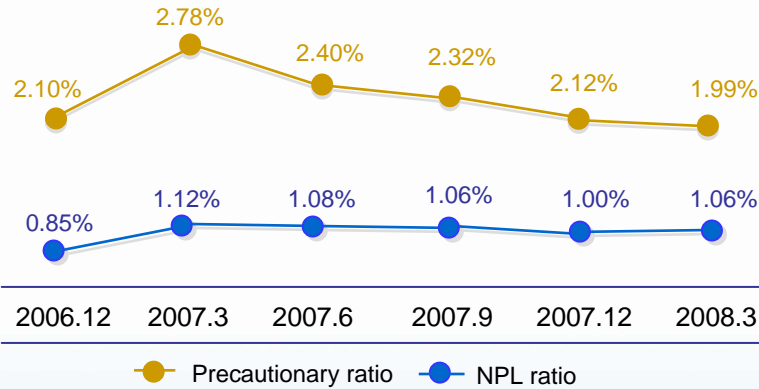
3. Shinhan Card Asset Quality

4. Loan Loss Provision / Write-off

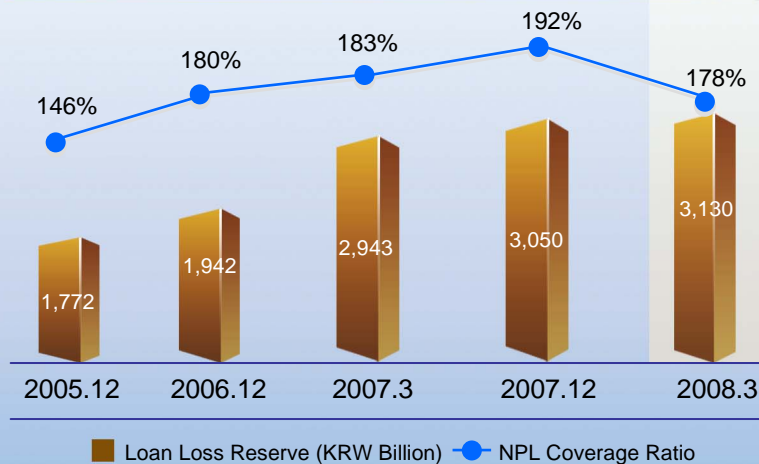




Precautionary & below ratio / NPL ratio



NPL Coverage

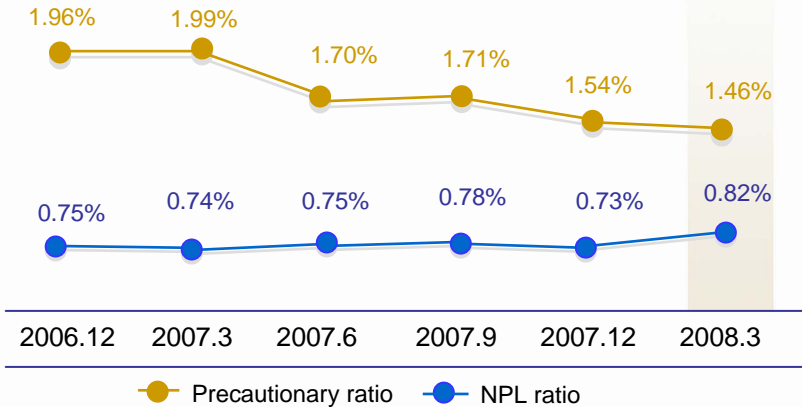


	2008.3	2007.12	YTD%	2007.3	YoY%
Total Loan	166,681	159,486	4.5	143,702	16.0
Normal	163,362	156,109	4.6	139,706	16.9
Precautionary	1,557	1,786	-12.8	2,390	-34.8
Substandard	641	518	23.7	506	26.8
Doubtful	227	241	-5.7	244	-7.1
Estimated Loss	894	831	7.5	856	4.4
Substandard & Below	1,762	1,590	10.8	1,606	9.7
NPL Ratio	1.06%	1.00%	0.06	1.12%	-0.06
Loan Loss Reserves	3,130	3,050	2.6	2,943	6.4
NPL Coverage Ratio	178%	192%	-14.0	183%	-5.0

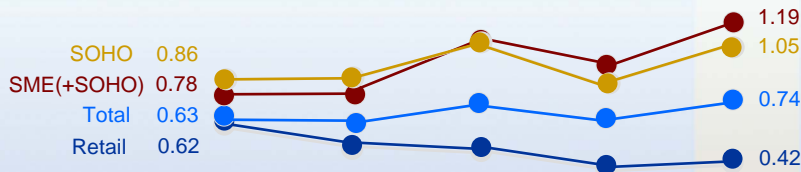
Note) Sum of assets of Shinhan/Jeju Bank, Shinhan Card, GMSH Securities, Shinhan Life Insurance and Shinhan Capital



Precautionary & below ratio / NPL ratio



Delinquency Ratio (1M overdue) (Note)



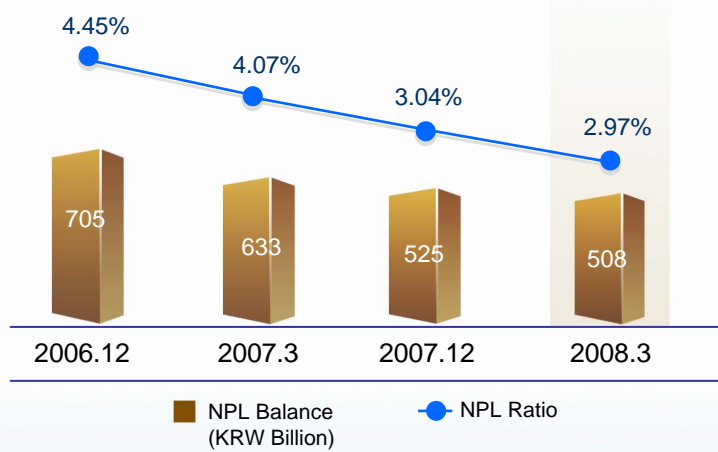
(Unit : %)	2007				2008
	1Q	2Q	3Q	4Q	1Q
Total	0.63%	0.62%	0.73%	0.64%	0.74%
Retail	0.62%	0.50%	0.48%	0.38%	0.42%
SME(+SOHO)	0.78%	0.78%	1.10%	0.94%	1.19%
SOHO	0.86%	0.86%	1.06%	0.84%	1.05%

Note) based on FSS New Standard

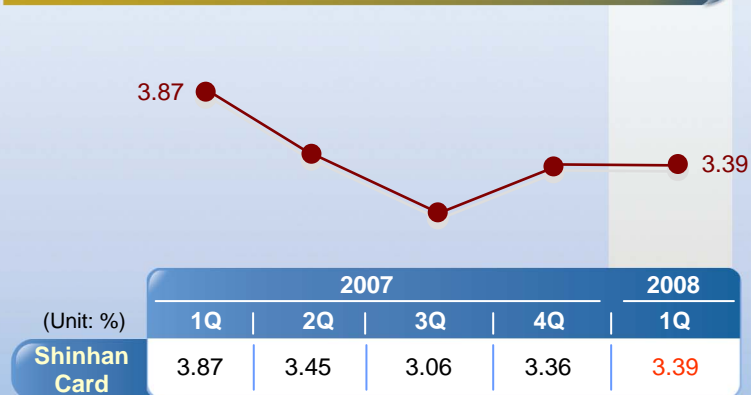
(KRW Billion)	2008.3	2007.12	YTD% (%p)	2007.3	YoY% (%p)
Total Loans	140,860	134,241	4.9	121,413	16.0
Normal	138,798	132,180	5.0	118,995	16.6
Precautionary	911	1,081	-15.7	1,514	-39.8
Substandard	609	503	21.1	488	24.6
Doubtful	119	124	-4.4	111	7.2
Estimated Loss	424	354	19.8	304	39.2
Substandard & Below	1,151	981	17.4	904	27.4
NPL Ratio	0.82%	0.73%	0.09	0.74%	0.07
Loan Loss Reserve	1,987	1,869	6.3	1,667	19.2
NPL Coverage Ratio	173%	191%	-18.0	185%	-12.0



NPL Ratio



Delinquency Ratio (1M overdue)

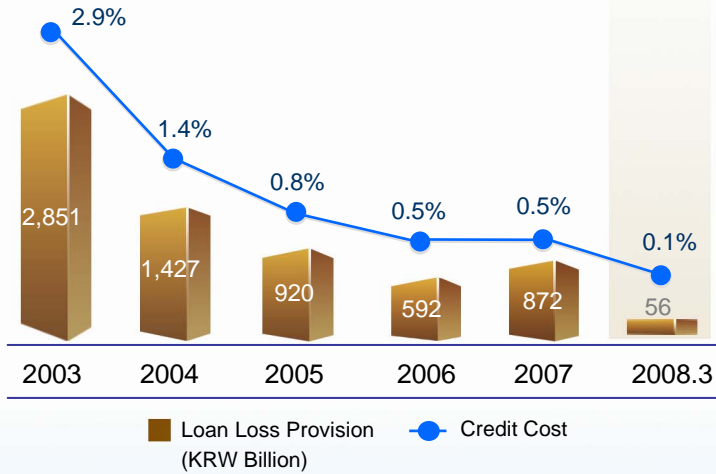


(KRW Billion)	2008.3	2007.12	YTD% (%P)	2007.3	YoY% (%P)
Total Assets (Managed)	17,109	17,273	-0.9	15,573	9.9
Normal	16,040	16,125	-0.5	14,140	13.4
Precautionary	561	623	-9.9	800	-29.8
Substandard	-	-	n.a	-	n.a
Doubtful	98	106	-7.3	126	-22.2
Estimated Loss	410	420	-2.3	507	-19.2
Substandard & Below	508	525	-3.3	633	-19.8
NPL Ratio	2.97%	3.04%	-0.07	4.07%	-1.1
Loan Loss Reserve (Managed)	1,003	1,052	-4.6	1,165	-13.9
NPL Coverage Ratio	197%	200%	-3.0	184%	13.0

Note) Figures for March 2007 are Pro Forma based. (former Shinhan Card + former LG Card)



Loan Loss Provision



(KRW Billion)	2006	1Q	2007	1Q08
Shinhan Bank ^{Note1)}	475	52	586	53
Retail	265	53	151	2
Corporate	210	-1	435	51
Shinhan Card ^{Note1)}	117	-87	286	3 ^{Note2)}
Total	592	-35	872	56

Note1) Non-consolidated basis. Shinhan credit card numbers are managed assets basis and 2006 figures are based on pre-merged Shinhan Card (LG Card Excluded)
 Note2) KRW42.2 bil. on reported assets basis

Write-Off



(KRW Billion)	2006	1Q	2007	1Q08
Shinhan Bank	164	56	186	32
Retail	82	19	114	14
Corporate	82	37	72	18
Shinhan Card ^{note)}	207	147	523	118
Total	371	203	709	150

Note) 2006 figures are based on pre-merged Shinhan Card (LG Card Excluded)

V Capital Adequacy

1. Capital Adequacy

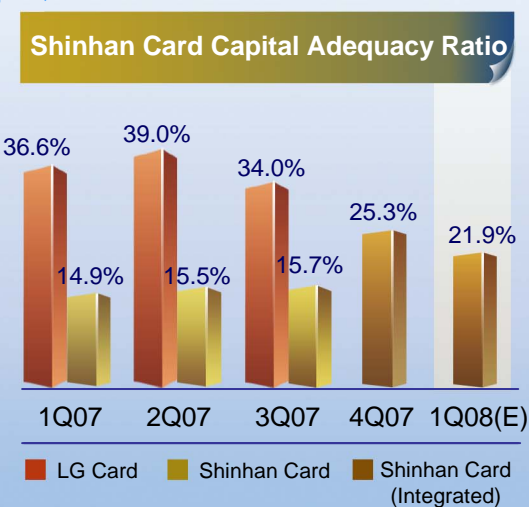
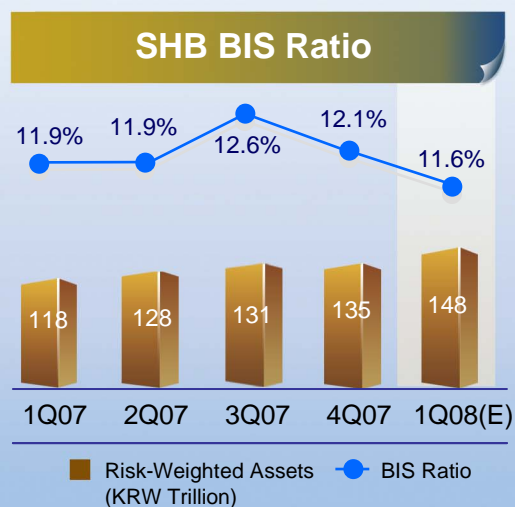
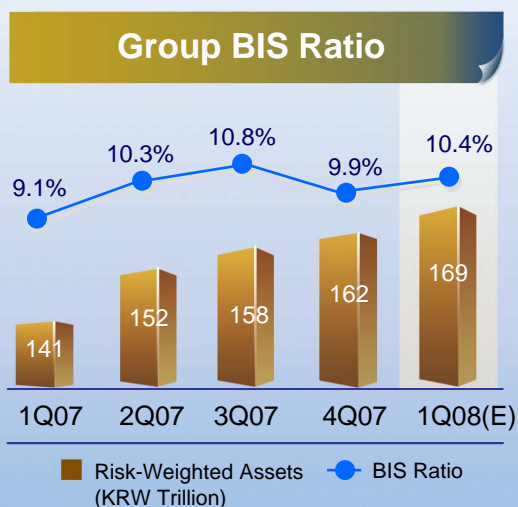




Group BIS Ratio				
(KRW Billion)	2008.3(E)	2007.12	Chg	YTD% (%p)
Risk-Weighted Assets	168,663	161,849	6,814	4.2
Capital	17,567	15,946	1,621	10.2
Tier 1	9,200	8,389	811	9.7
Tier 2	8,368	7,557	811	10.7
BIS Ratio	10.4%	9.9%		0.6
Tier 1	5.5%	5.2%	n.a.	0.3
Tier 2	4.9%	4.7%		0.3

SHB BIS Ratio				
(KRW Billion)	2008.3(E)	2007.12	Chg	YTD% (%p)
Risk-Weighted Assets	148,354	135,496	12,858	9.5
Capital	17,174	16,375	799	4.9
Tier 1	11,102	10,347	755	7.3
Tier 2	6,072	6,028	44	0.7
BIS Ratio	11.6% ^{Note)}	12.1%		-0.5
Tier 1	7.5% ^{Note)}	7.6%	n.a.	-0.1
Tier 2	4.1%	4.5%		-0.4

Notes) Calculated based on Standardized Approach.
If Basel 1 standard applied, the BIS ratio is 12.2% and Tier 1 is 7.9%.



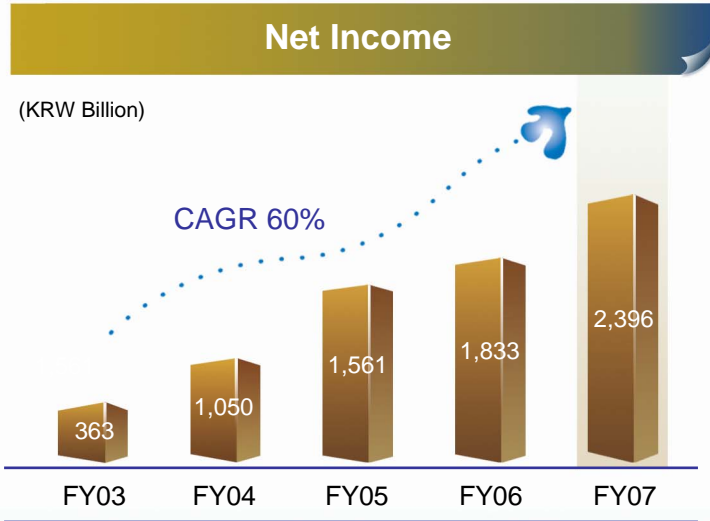
VI Appendix

- 1. Key Financial Ratios**
- 2. Other Financial References**
- 3. SHB Investment Securities**
- 4. SHB SME Loans**

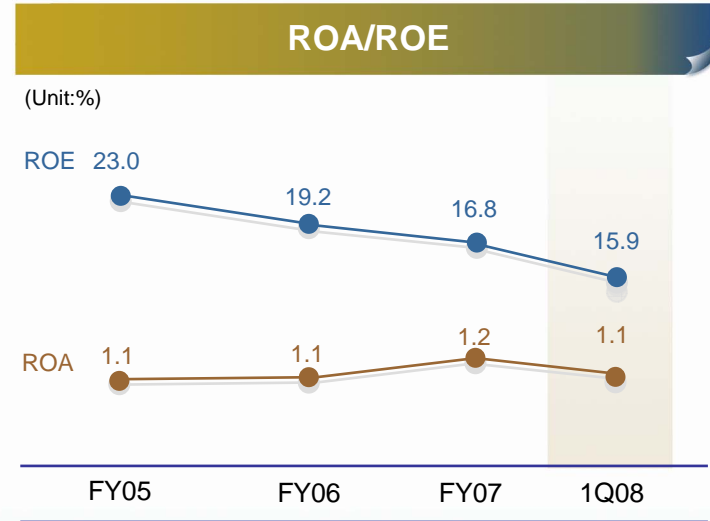




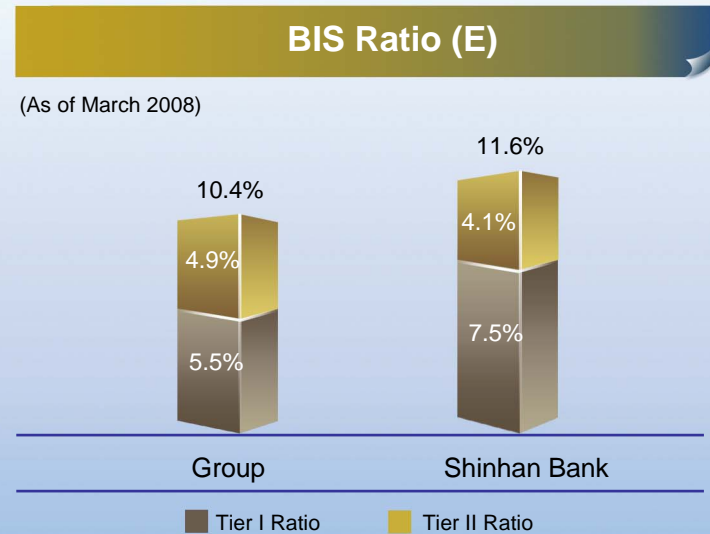
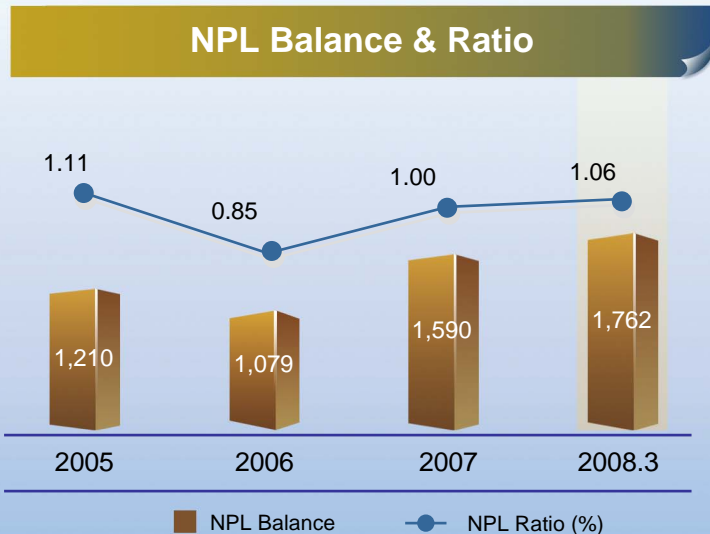
1. Key Financial Ratios



Note) CAGR(Compound Annual Growth Rate)



Note) ROE is common share basis

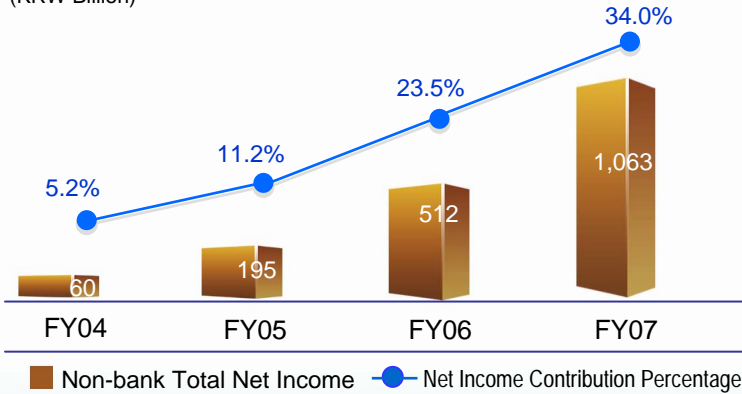




2. Other Financial References

Net Income Contribution by Non-Bank Subsidiaries

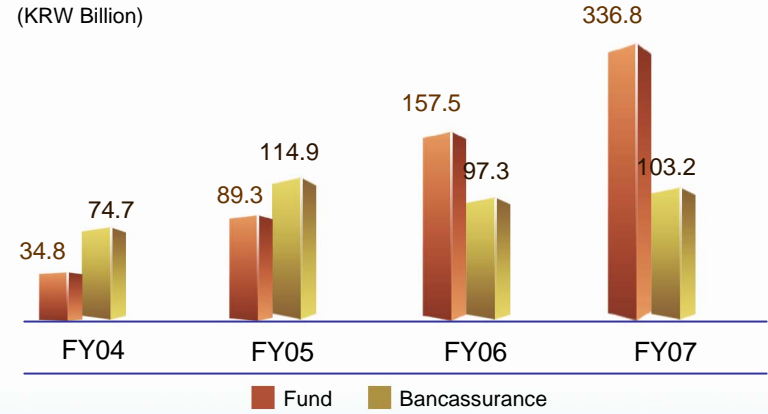
(KRW Billion)



Note) After reflecting ownership by SFG

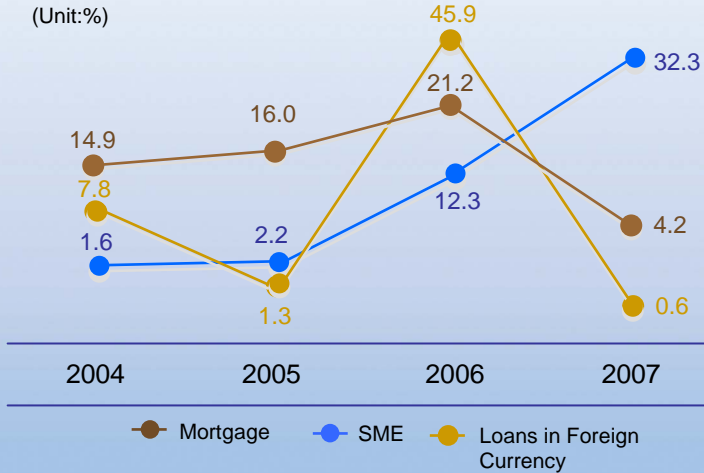
Shinhan Bank Fund/Bancassurance Sales Fees

(KRW Billion)

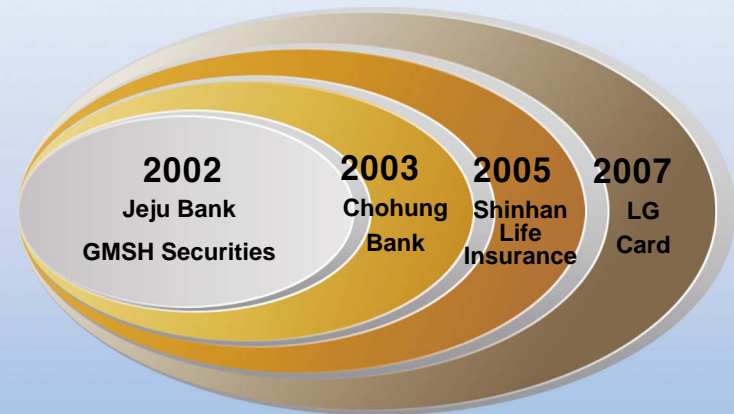


Shinhan Bank loan growth

(Unit:%)



SFG M&A History





3. SHB Investment Securities

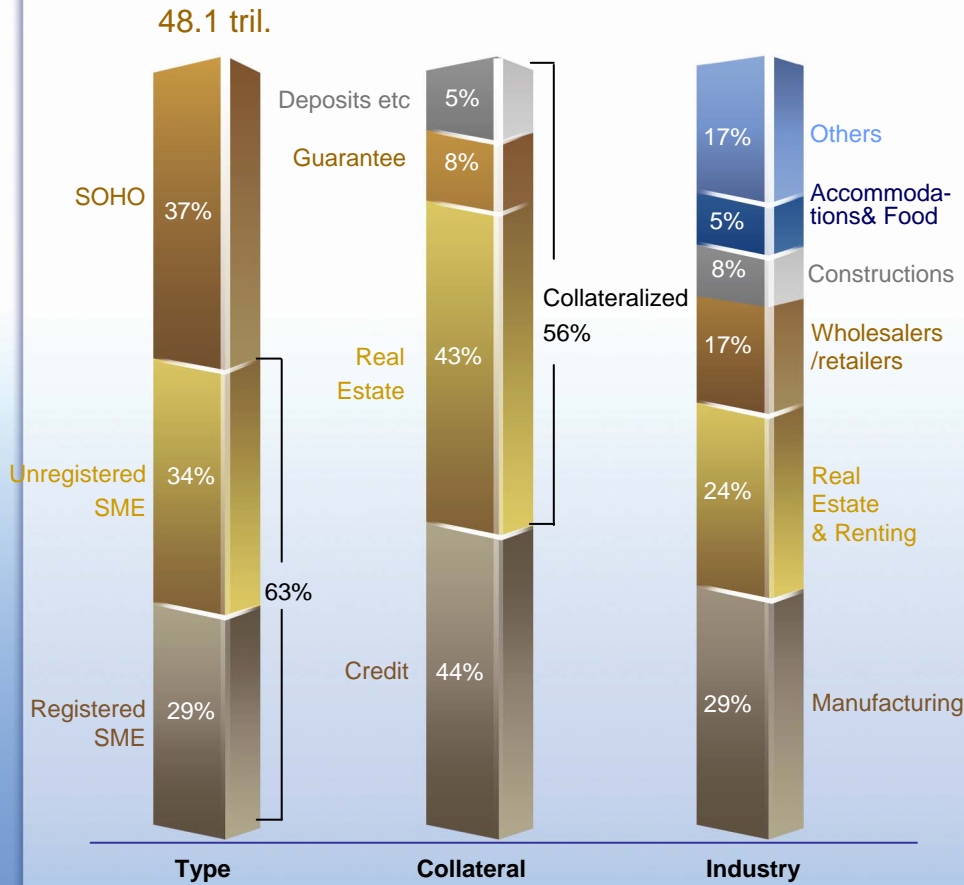
(As of March 2008)	Number of Shares (thousands)	Ownership (%)	Acquisition Cost per Share (KRW)	Book Value per Share	Valuation Gain (KRW Billion)
Hynix	27,979	6.1	3,984	24,750	581
SK Networks	22,615	9.4	5,016	19,187	320
Hyundai Eng. & Con.	4,534	4.1	32,293	69,078	167
Ssangyong Cement	10,000	13.4	10,661	11,338	7
Total					1,075



4. SHB SME Loans

(as of March 2008)

SME Loans



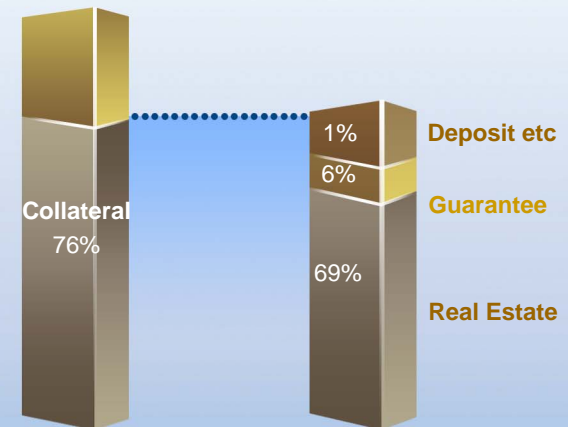
(as of March 2008)

Delinquency Ratio by industry

(Unit:%)	2008.3	2007.12	YTD%p
Manufacturing	1.23	1.15	0.08
Real Estate & Renting	1.12	0.82	0.30
Wholesalers/ retailers	0.99	0.71	0.28
Constructions	2.28	1.33	0.95
Total	1.19	0.94	0.25

Note) delinquent over 1 month

SOHO Collateralization



(as of March 2008)