

Your Total Financial Solution : Shinhan Financial Group

# 2009 1H Business Results

July 2009



# Disclaimer Statement

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

For comparison purposes, please note the following facts :

- 1) On June 26, 2009, Shinhan Financial Group transferred its title of 50%+1 share of SH&C Life Insurance to BNP Paribas Assurance and Shinhan Bank, in which BNP Paribas Assurance purchased 35%+2 shares and Shinhan Bank 15%-1share. Following this transaction, SH&C Life Insurance is no longer our subsidiary and 2008 figure herein has been restated to reflect this change.
- 2) As of January 2, 2009, the two asset management companies of Shinhan Financial Group, Shinhan BNP Paribas ITMC and SH Asset Management, merged under the new name of Shinhan BNP Paribas Asset Management. Please note that figures for the pre-merger have been provided in an integrated (pro-forma) basis for comparison purposes.
- 3) Starting from FY 2008, according to the change in accounting treatment of Joint Venture companies, consolidation methods in lieu of equity methods were applied in accounting our JVs such as Shinhan BNPP AM and Shinhan Macquarie Financial Advisory.

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

Note) Some of the totals may not sum due to rounding.

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# 2009 1H Business Results Highlights(1)

**Group Net Income**  
**KRW 557.8 bil.**  
**(2Q09 439.7 bil.)**

- 2Q09 Net income of the Group marked KRW 439.7 bil., up by 272.2% QoQ from 118.1 bil. in 1Q09. For 1H09, net income marked KRW 557.8 bil., down by 60.5% YoY from 1,411.6 bil. in 1H08.
- Bottom line earnings substantially increased QoQ due to 1) limited NIM contraction based on active asset re-pricing, 2) improved non-interest income and 3) seasonally low SG&A.
- Non-bank subsidiaries such as Shinhan Card, GMSH Securities, Shinhan Life Insurance and Shinhan BNPP AM etc. reported sound performance, contributing to a 73.1% QoQ increase in earnings from non-bank subsidiaries.
- Despite our focus on cost effectiveness and prudent cost management, 1H09 earnings decreased YoY due to 1) sliding interest income attributable to 54 bps of NIM contraction, 2) increase in loan loss provisions over restructuring companies and deteriorating asset quality.

**Shinhan Bank +  
Shinhan Card**  
**NIM 2.83%**

- On an accumulated basis, the combined NIM of Shinhan Bank and Shinhan Card declined only by 6 bps QOQ to 2.83%.
- During 2Q09, Shinhan Bank's NIM further slipped 20 bps, due to radical decline in CD rate which continued until Feb. 09. However, the Group's NIM contraction was mitigated thanks to Shinhan Card's NIM hike of 75 bps supported by growing profit margin and lower funding cost.

**Non-bank  
subsidiaries  
earnings  
contribution**  
**67.1%**

- 2Q09 combined earnings from non-bank subsidiaries amounted KRW 361.0 bil., up by 73.1% QoQ from 208.5 bil. in 1Q09. Shinhan Card (KRW 142.6 bil. → 224.5 bil.), GMSH Securities (KRW 7.0bil. → 70.1 bil.) Shinhan Life Insurance (KRW 43.2 bil. → 48.4 bil.) and Shinhan BNPP AM(KRW 3.6 bil. → 7.2 bil.) posted sound earnings growth.
- Shinhan Bank marked KRW 202.0 bil. earnings in 2Q09, exhibiting a remarkable recovery from 1Q09 earnings of KRW 73.7 bil. Accordingly, non-bank subsidiaries contribution to net income slightly fell from 73.8% to 67.1% in 1Q09.



# 2009 1H Business Results Highlights (2)

**Group Total  
Assets  
KRW 314 tril.**

- **Total asset, which includes AUM, shrunk by 2.3% YTD to KRW 314 tril. (Bank -3.7%, Non-Bank 4.0%).**
- **Shinhan Bank loan in KRW increased by 0.8% YTD to KRW 121 tril. (Retail 2.0%, Corporate -0.3%). SME loan, which includes SOHO loan, amounted to KRW 53.4 tril., up by 1.9% YTD (SOHO -0.6%).**
- **Shinhan Card total asset decreased by 6.2% YTD to KRW 15.8 tril. (Cash advance -12.3%, Card loan-11.9%). In 2Q09 alone, total asset decreased 1.0% QoQ, indicating a decelerating pace of asset shrinkage. Conservative credit policy accounts for such decrease. Nonetheless, Shinhan Card's active customer base has slightly increased YTD.**

**Group NPL Ratio  
1.77%**

**SHB NPL Ratio  
1.59%**

- **Group NPL ratio climbed 7 bps in 2Q to 1.77% QoQ (SHB NPL ratio 1.59%, Shinhan Card NPL ratio 3.11%). Asset quality of the group remained at similar level of 1Q09 despite ongoing restructuring on the corporate sector.**
- **SHB's delinquency ratio slightly dropped by 1 bp to 0.89% QoQ (Retail 0.32%, SME 1.62%). SME delinquency ratio, which increased during 1Q09 under deteriorating business environments and large-scale restructuring, appeared to stabilize from 2Q09.**
- **Shinhan Card's delinquency ratio (1M overdue) declined by 19 bps to 3.38%.**
- **NPL coverage ratio as of the end of June 2009 for the Group, Shinhan Bank and Shinhan Card each marked 132%, 124% and 184%, remaining at a stable level similar to the previous quarter.**

## **|| Income Statement**

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

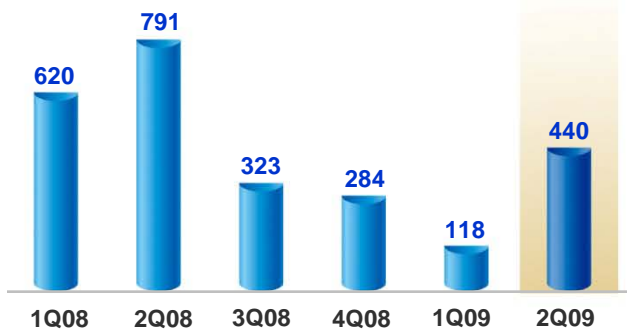




## Net Income



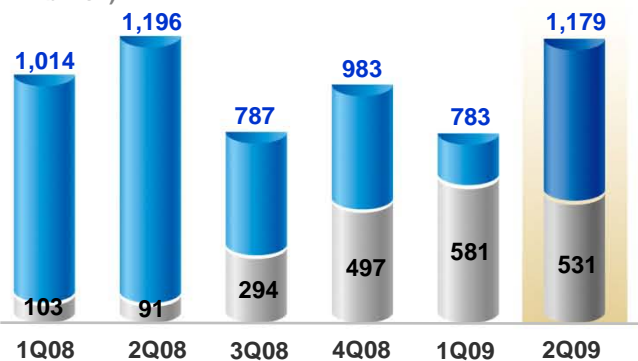
(KRW billion)



## Pre-Provision Income & LLP



(KRW billion)



■ Pre-Provision Income ■ Loan Loss Provision

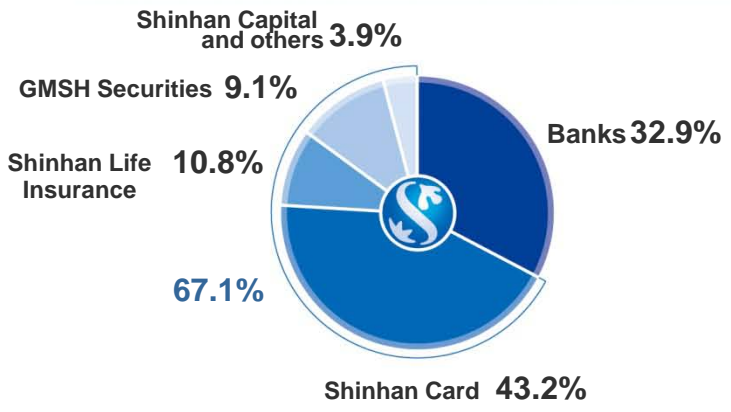
(KRW billion)

	1H09	1H08	YoY%	2Q09	1Q09	QoQ%
<b>Total Operating Income (a=b+c)</b>	<b>3,736.5</b>	4,106.4	-9.0	1,960.7	1,775.8	10.4
<b>Interest Income (b)</b>	<b>2,994.1</b>	3,384.9	-11.5	1,484.1	1,510.0	-1.7
<b>Non-Interest Income (c)</b>	<b>742.3</b>	721.5	2.9	476.6	265.8	79.3
<b>SG&amp;A (d)</b>	<b>1,782.2</b>	1,905.1	-6.5	790.4	991.8	-20.3
<b>Pre-Provision Operating Income (e=a-d)</b>	<b>1,954.3</b>	2,201.3	-11.2	1,170.3	784.0	49.3
<b>Non-Operating Income (f)</b>	<b>8.2</b>	8.4	-3.2	9.1	-0.9	n.a.
<b>Pre-Provision Income (g=e+f)</b>	<b>1,962.5</b>	2,209.7	-11.2	1,179.4	783.1	50.6
<b>Loan Loss Provision (h)</b>	<b>1,112.5</b>	194.2	472.9	531.4	581.1	-8.5
<b>Earnings before Income Tax (i=g-h)</b>	<b>850.0</b>	2,015.5	-57.8	648.0	202.0	220.7
<b>Income Tax</b>	<b>296.5</b>	600.5	-50.6	216.4	80.1	170.3
<b>Consolidated Net Income</b>	<b>557.8</b>	1,411.6	-60.5	439.7	118.1	272.2

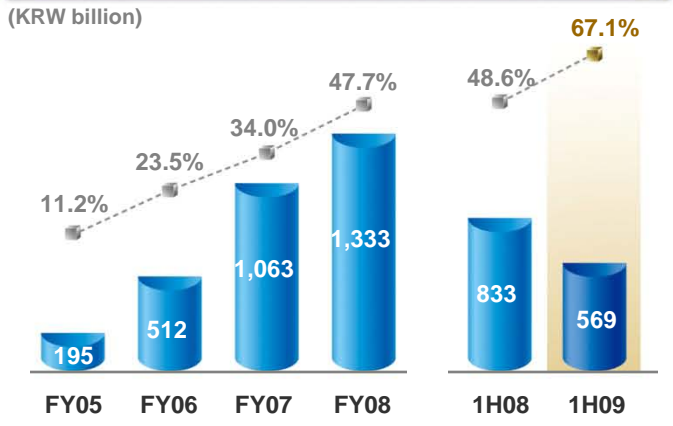


# Subsidiaries Income (1)

## Net Income Contribution by Subsidiaries



## Net Income Contribution by Non-Bank Subsidiaries



NI Contribution (%)    Non-Bank Total Net Income  
 Note) After reflecting ownership by SFG

(KRW billion)	Net Income	Ownership	Net Income (1xOwnership)	Adjustments	Net Income (Consolidated)
	[1]	[2]	[3=1 x 2]	[4]	[5=3+4]
<b>Bank (a)</b>	<b>281.5</b>		<b>279.7</b>	<b>-20.6</b>	<b>259.1</b>
Shinhan Bank	275.7	100.0%	275.7	-21.0 <sup>1)</sup>	254.7
Jeju Bank	5.7	68.9%	3.9	0.4 <sup>1)</sup>	4.4
<b>Non-Bank (b)</b>	<b>575.0</b>		<b>569.4</b>	<b>-182.4</b>	<b>387.1</b>
Shinhan Card	367.1	100.0%	367.1	-151.2 <sup>1)</sup>	215.9
GMSH Securities	77.2	100.0%	77.2	-8.6 <sup>1)</sup>	68.6
Shinhan Life Insurance	91.6	100.0%	91.6	-20.9 <sup>1)</sup>	70.7
Shinhan Capital	20.1	100.0%	20.1	-1.6	18.5
Shinhan BNPP AM	16.7	65.0%	10.9		10.9
Shinhan Credit Information	0.8	100.0%	0.8		0.8
Shinhan PE	2.1	100.0%	2.1		2.1
Shinhan Macquarie Advisory	-0.6	51.0%	-0.3		-0.3
<b>SFG (c)</b>				<b>-88.4<sup>2)</sup></b>	<b>-88.4</b>
<b>Total (d=a+b+c)</b>	<b>856.4</b>		<b>849.1</b>	<b>-291.3</b>	<b>557.8</b>

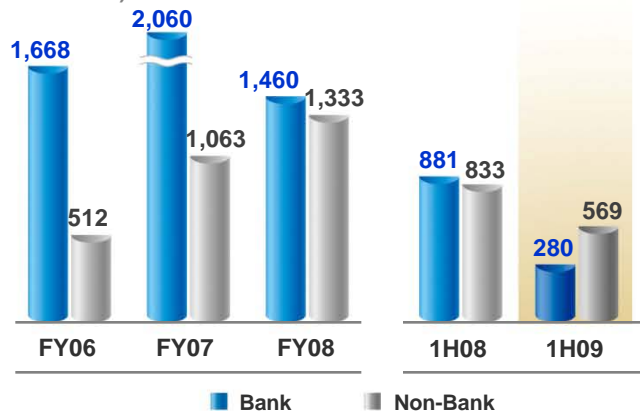
Note1) Goodwill amortization : SHB 30.7 bil., Shinhan Card 151.6 bil., GMSH Securities 8.5 bil., Shinhan Life Insurance 20.9 bil., etc.  
 2) SFG (non-consolidated) : brand fee income 68.0 bil., interest expense -146.4 bil., gain on SH&C shares disposition 12.1bil., SG&A -22.1 bil. , etc



# Subsidiaries Income (2)

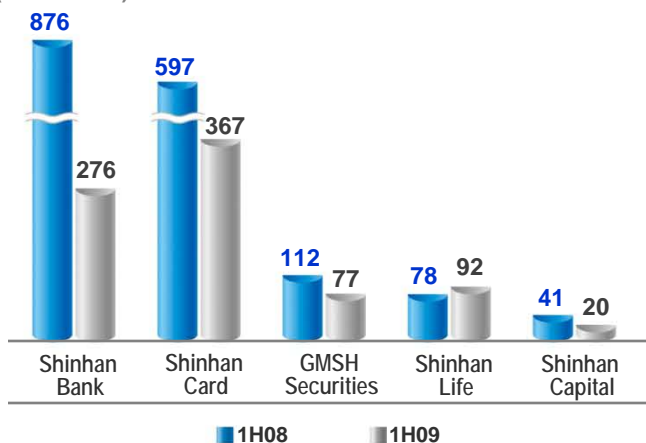
## Bank & Non-Bank Net Income Trend

(KRW billion)



## Net Income YoY Comparison by Subsidiaries

(KRW billion)



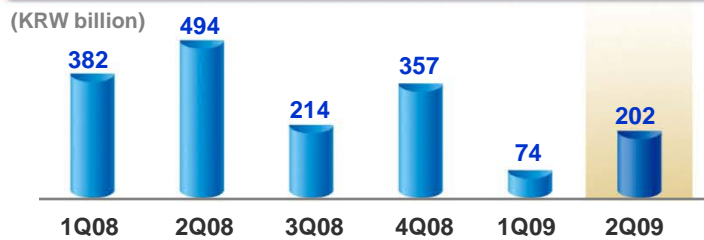
(After reflecting ownership, KRW billion)	1H09	1H08	YoY%	2Q09	1Q09	QoQ%
<b>Bank (a)</b>	<b>279.7</b>	<b>881.4</b>	<b>-68.3</b>	<b>205.5</b>	<b>74.1</b>	<b>177.3</b>
Shinhan Bank	275.7	875.7	-68.5	202.0	73.7	174.0
Jeju Bank	3.9	5.7	-31.3	3.5	0.4	793.9
<b>Non-bank (b)</b>	<b>569.4</b>	<b>833.4</b>	<b>-31.7</b>	<b>361.0</b>	<b>208.5</b>	<b>73.1</b>
Shinhan Card <sup>note)</sup>	367.1	597.3	-38.5	224.5	142.6	57.5
GMSH Securities	77.2	111.7	-30.9	70.1	7.0	896.6
Shinhan Life Insurance	91.6	77.8	17.8	48.4	43.2	12.1
Shinhan Capital	20.1	40.8	-50.8	9.4	10.7	-12.7
Shinhan BNPP AM	10.9	8.3	31.7	7.2	3.6	100.1
Shinhan Credit Information	0.8	1.1	-27.7	0.4	0.4	-12.0
Shinhan PE	2.1	-0.5	n.a.	0.8	1.3	-33.4
Shinhan Macquarie Advisory	-0.3	-3.1	n.a.	0.1	-0.4	n.a.
<b>Total (a+b)</b>	<b>849.1</b>	<b>1,714.8</b>	<b>-50.5</b>	<b>566.5</b>	<b>282.6</b>	<b>100.5</b>
<b>Consolidated Net Income</b>	<b>557.8</b>	<b>1,411.6</b>	<b>-60.5</b>	<b>439.7</b>	<b>118.1</b>	<b>272.2</b>

Note) Shinhan Card's 1H 08 income includes KRW 18.3 billion earnings from SHC management, a liquidating entity of former Shinhan Card

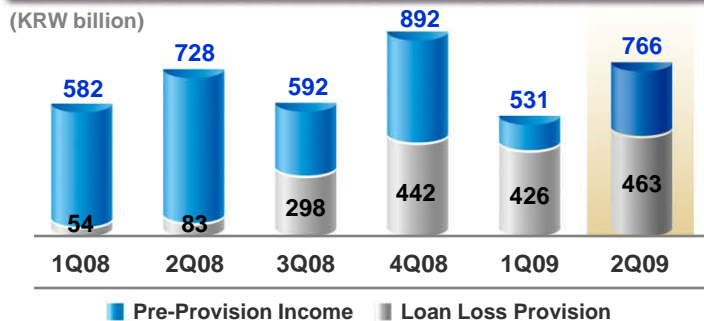


# SHB Income / NIM

## Net Income

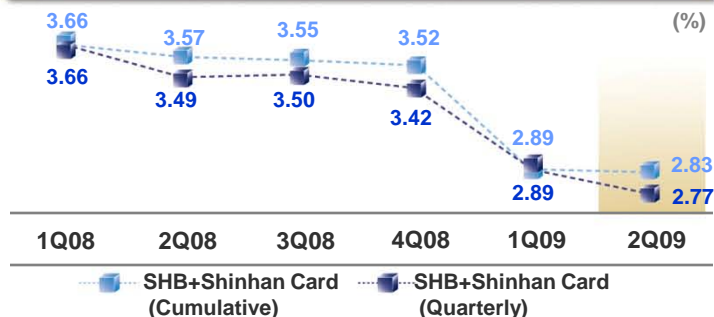


## Pre-Provision Income & LLP



■ Pre-Provision Income ■ Loan Loss Provision

## Shinhan Financial Group NIM



(KRW billion)	1H09	1H08	YoY%	2Q09	1Q09	QoQ%
Total Operating Income (a=b+c)	2,327.2	2,507.0	-7.2	1,205.2	1,122.0	7.4
Interest Income (b)	1,694.2	1,948.6	-13.1	805.6	888.6	-9.3
Non-Interest Income (c)	633.0	558.5	13.3	399.6	233.4	71.2
SG&A (d)	1,031.7	1,133.9	-9.0	445.6	586.1	-24.0
Pre-Provision Operating Income (e=a-d)	1,295.5	1,373.1	-5.7	759.6	535.9	41.7
Non-Operating Income (f)	1.4	-63.3	n.a.	6.2	-4.8	n.a.
Pre-Provision Income (g=e+f)	1,296.9	1,309.8	-1.0	765.8	531.1	44.2
Loan Loss Provision (h)	888.7	136.9	549.3	463.2	425.5	8.8
Earnings before Income Tax (i=g-h)	408.2	1,172.9	-65.2	302.6	105.6	186.6
Net Income	275.7	875.7	-68.5	202.0	73.7	174.0

(%)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09
NIS (a-b)	2.65	2.49	2.48	2.54	1.80	1.65
Loan interest rate (a)	7.02	6.91	7.05	7.10	6.09	5.58
Deposit interest rate (b)	4.37	4.42	4.57	4.56	4.29	3.93
SHB NIM (quarterly)	2.18	2.03	2.10	2.14	1.66	1.46
SHB NIM (cumulative)	2.18	2.10	2.10	2.12	1.66	1.56

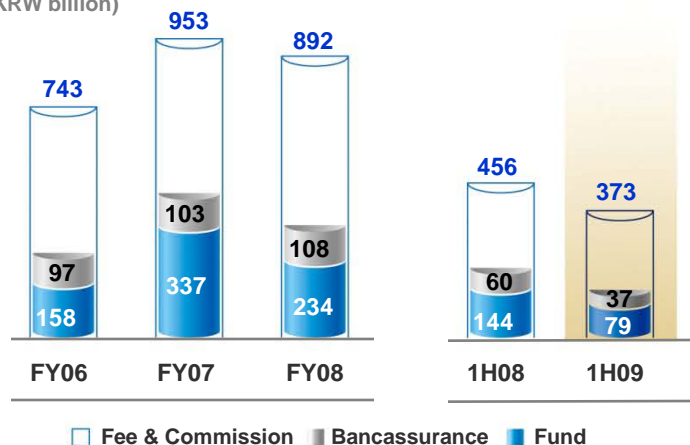
Note) Shinhan Bank stand alone figures excluding one-offs



# SHB Non-Interest Income / SG&A

## Fees and Commission

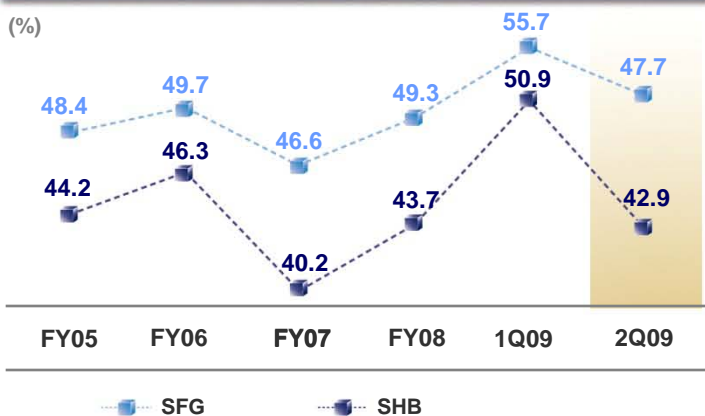
(KRW billion)



(KRW billion)	1H09	1H08	YoY%	2Q09	1Q09	QoQ%
<b>Non-Interest Income</b>	<b>633.0</b>	<b>558.5</b>	<b>13.3</b>	<b>399.6</b>	<b>233.4</b>	<b>71.2</b>
Fees & Commission	372.7	455.7	-18.2	213.0	159.7	33.4
(Fund)	79.0	143.8	-45.1	44.3	34.7	27.7
(Bancassurance)	36.7	60.3	-39.1	15.6	21.1	-26.1
Trust Fees	19.6	22.5	-13.0	9.5	10.1	-6.5
Securities related	259.5	137.6	88.6	176.2	83.3	111.5
Others	-18.7	-57.3	n.a.	1.0	-19.7	n.a.

## Cost-Income Ratio

(%)



(KRW billion)	1H09	1H08	YoY%	2Q09	1Q09	QoQ%
<b>SG&amp;A Expense</b>	<b>1,031.7</b>	<b>1,133.9</b>	<b>-9.0</b>	<b>445.6</b>	<b>586.1</b>	<b>-24.0</b>
Labor Cost	512.0	502.7	1.8	165.6	346.4	-52.2
Admin. Expense	364.0	454.0	-19.8	201.8	162.2	24.4
D&A Cost	109.9	112.9	-2.6	58.8	51.1	15.0
Taxes & Dues	45.9	64.4	-28.7	19.5	26.4	-26.3

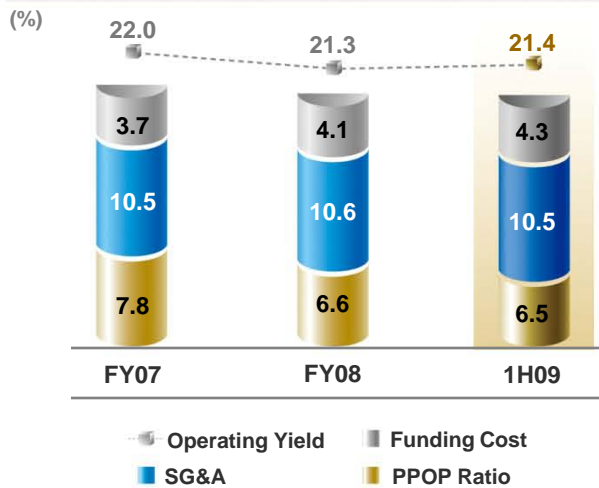
Note) SFG's cost income ratio includes goodwill amortization cost.

(97.4 bil. for FY05, 148.4 for FY06, 375.9 for FY07, 491.4 for FY08, and 211.7 bil. for 1H09)

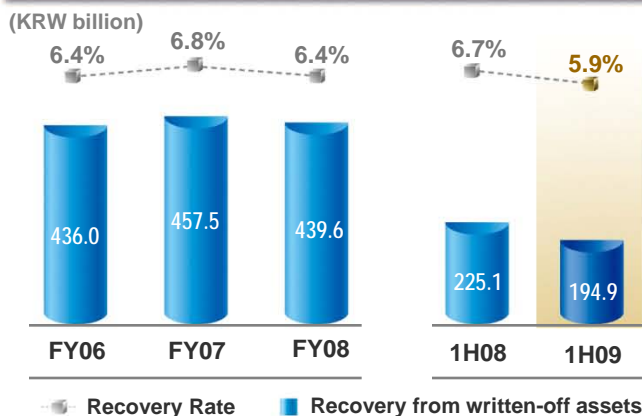


# Shinhan Card Income

## Operating Yield and PPOP Ratio



## Recovery from Written-off Assets



(KRW billion)	1H09	1H08	YoY%	2Q09	1Q09	QoQ%
<b>Operating Revenue (a)</b>	<b>1,824.1</b>	2,125.6	-14.2	814.5	1,009.6	-19.3
Receivables	1,585.1	1,685.0	-5.9	799.9	785.2	1.9
Installment Finance	71.5	82.1	-12.9	34.2	37.3	-8.3
Loans	0.1	1.2	-91.5	0.0	0.1	n.a.
Lease	23.0	38.6	-40.4	11.7	11.3	3.5
Others	144.4	318.6	-54.7	-31.3	175.7	n.a.
<b>Interest Expense (b)</b>	<b>349.9</b>	354.1	-1.2	167.5	182.4	-8.2
<b>SG&amp;A / Others (c)</b>	<b>893.5</b>	1,012.1	-11.7	317.2	576.3	-45.0
<b>Operating Income (d=a-b-c)</b>	<b>580.6</b>	759.3	-23.5	329.7	250.9	31.4
<b>Non-Operating Income (e)</b>	<b>3.2</b>	52.1	-93.9	-0.3	3.5	n.a.
<b>Pre-Provision Income (f=d+e)</b>	<b>583.8</b>	811.5	-28.1	329.4	254.4	29.5
<b>Loan Loss Provision (g)</b>	<b>116.1</b>	11.7	896.1	34.8	81.3	-57.2
<b>Earnings before Income Tax (h=f-g)</b>	<b>467.7</b>	799.8	-41.5	294.7	173.0	70.3
<b>Income Tax</b>	<b>100.6</b>	220.8	-54.4	70.1	30.5	129.8
<b>Net Income</b>	<b>367.1</b>	579.0	-36.6	224.5	142.6	57.4

Note) Managed basis

Note) As of June 09, the outstanding written-off asset balance is KRW 6.2 tril.

## ||| **Balance Sheet**

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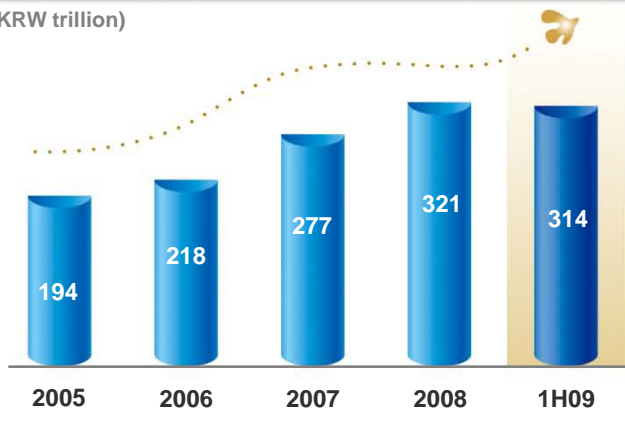
- 1. SFG Asset Growth**
- 2. SHB Loan / Deposit Growth**
- 3. Shinhan Card Asset Growth**



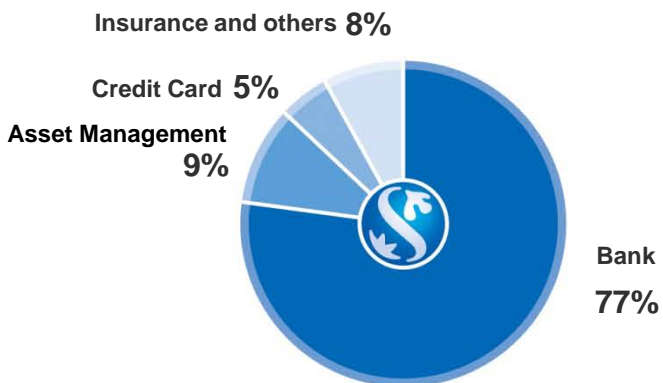


## SFG Total Asset

(KRW trillion)



## Asset Contribution by Subsidiary



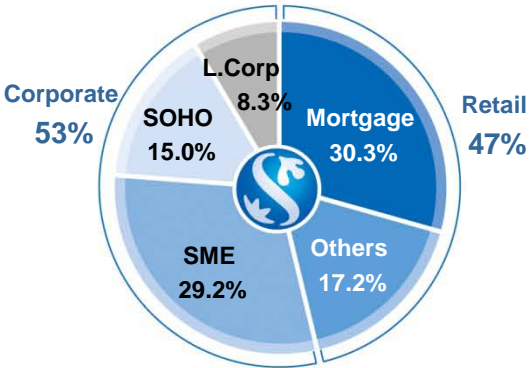
(KRW billion)	2009.6	2008.12	YTD%	2009.3	QoQ%
<b>Bank</b>	<b>243,140</b>	<b>252,413</b>	<b>-3.7</b>	<b>250,409</b>	<b>-2.9</b>
Shinhan Bank	240,274	249,509	-3.7	247,634	-3.0
Jeju Bank	2,867	2,903	-1.3	2,775	3.3
<b>Non-Bank</b>	<b>66,622</b>	<b>64,038</b>	<b>4.0</b>	<b>69,166</b>	<b>-3.7</b>
Shinhan Card	15,723	17,076	-7.9	16,867	-6.8
GMSH Securities	8,564	7,315	17.1	7,729	10.8
Shinhan Life Insurance	9,177	8,517	7.7	8,817	4.1
Shinhan Capital	3,697	4,008	-7.8	4,094	-9.7
Shinhan BNPP AM	29,461	27,123	8.6	31,660	-6.9
<b>Total Asset <sup>1)</sup></b>	<b>313,956</b>	<b>321,263</b>	<b>-2.3</b>	<b>325,104</b>	<b>-3.4</b>

Note 1) Including trust A/C and AUM

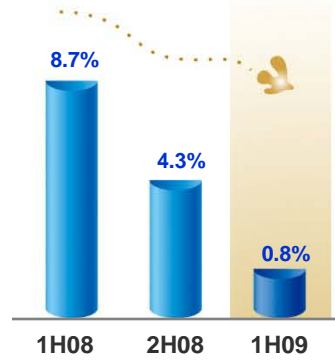


# SHB Loan / Deposit Growth

## Loan Composition

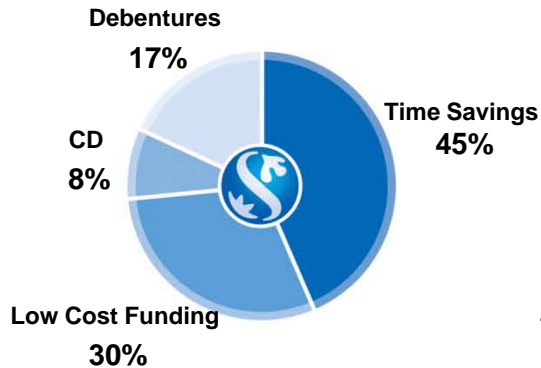


## Loan Growth

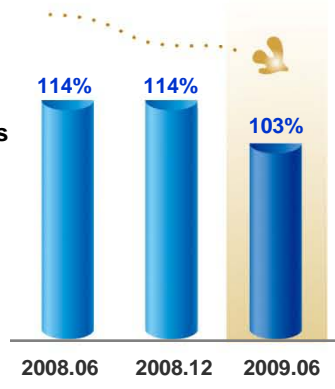


Note) Based on YTD loans in KRW

## Funding Composition



## Loan-to-Deposit Ratio



(KRW billion)	2009.6	2008.12	YTD%	2009.3	QoQ%
<b>Loan in KRW</b>	<b>120,756</b>	<b>119,797</b>	<b>0.8</b>	<b>120,115</b>	<b>0.5</b>
Retail	57,279	56,131	2.0	56,034	2.2
Mortgage	36,547	34,510	5.9	35,210	3.9
Others	20,731	21,622	-4.1	20,824	-0.4
Corporate	63,477	63,666	-0.3	64,081	-0.9
SME	53,390	52,414	1.9	53,625	-0.4
SOHO	18,075	18,189	-0.6	17,984	0.5
Large Corporate etc.	10,087	11,252	-10.4	10,456	-3.3
Loan in Foreign Currency	6,376	7,648	-16.6	7,745	-17.9

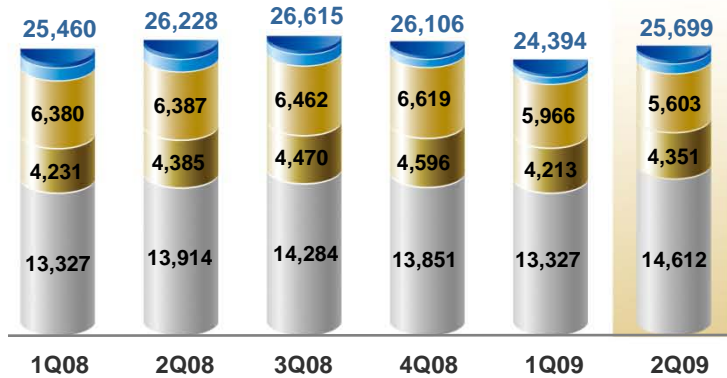
(KRW billion)	2009.6	2008.12	YTD%	2009.3	QoQ%
<b>Total Deposit in KRW</b>	<b>116,718</b>	<b>105,247</b>	<b>10.9</b>	<b>112,214</b>	<b>4.3</b>
Low Cost Deposit	41,977	36,002	16.6	40,230	4.9
Demand	13,637	11,725	16.3	11,908	14.7
Savings	28,340	24,277	16.7	28,322	0.1
Other Savings	63,276	56,121	12.7	60,303	5.3
Time Deposits	56,907	50,516	12.7	54,291	5.2
Accumulative etc.	6,369	5,605	13.6	6,013	6.3
Certificate of Deposits	11,465	13,124	-12.6	11,680	-1.6
Debentures in KRW	24,299	28,783	-15.6	24,845	-1.9



# Shinhan Card Asset Growth

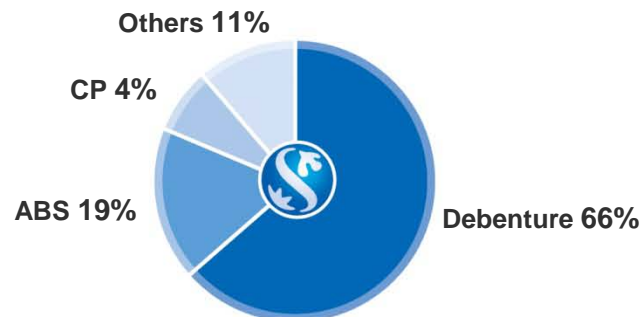
## Transaction Volume

(KRW billion)



■ Lump-sum ■ Install. Purchase ■ Cash Advance ■ Card Loan ■ Install. Finance / Lease

## Funding Composition



(KRW billion)	2009.6	2008.12	YTD%	2009.3	QoQ%
<b>Assets (Managed)</b>	<b>15,772</b>	16,815	-6.2	15,931	-1.0
Receivables	8,265	8,325	-0.7	8,115	1.9
Cash Advances	3,357	3,826	-12.3	3,548	-5.4
Card Loans	2,380	2,701	-11.9	2,446	-2.7
(Re-aged Loans)	337	395	-14.8	364	-7.6
Installment Finance	1,089	1,263	-13.8	1,136	-4.2
Lease	681	699	-2.5	686	-0.7
Active Customers <sup>1)</sup>	13,871	13,617	1.9	13,640	1.7
Merchants <sup>1)</sup>	2,330	2,268	2.7	2,293	1.6

Note 1) in thousands

(KRW billion)	2009.6	2008.12	YTD%	2009.3	QoQ%
<b>Total Funding</b>	<b>10,848</b>	12,408	-12.6	11,964	-9.3
Debenture	7,147	7,755	-7.8	7,595	-5.9
ABS	2,111	2,267	-6.9	2,111	-
CP	440	999	-56.0	860	-48.9
Others	1,150	1,387	-17.1	1,398	-17.7

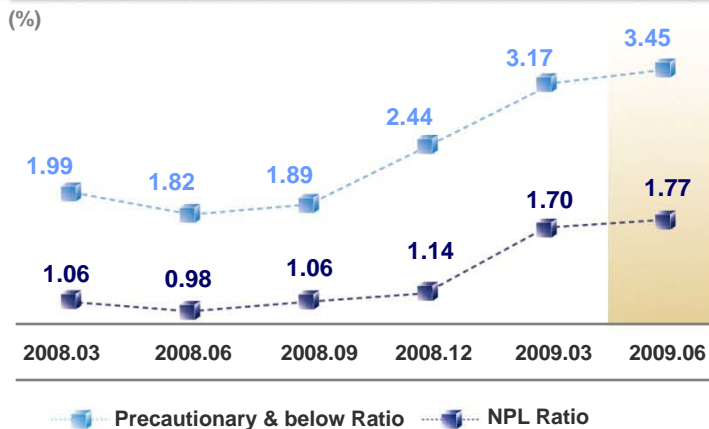
## **IV Asset Quality**

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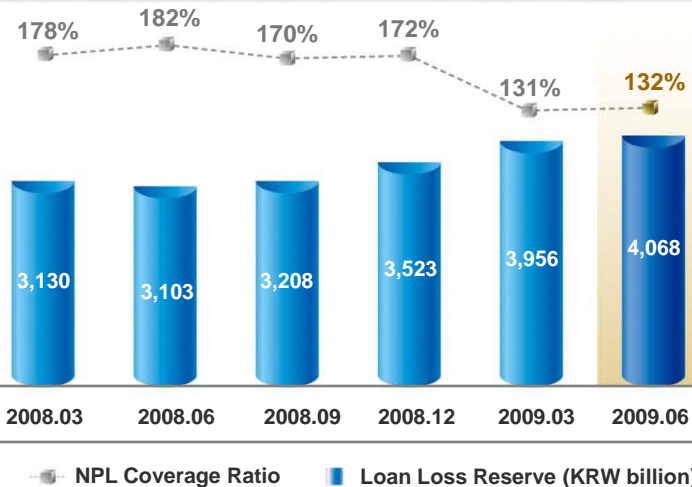
- 1. SFG Asset Quality**
- 2. SHB Asset Quality**
- 3. Shinhan Card Asset Quality**
- 4. Loan Loss Provision / Write-off**



## Precautionary & below Ratio / NPL Ratio



## NPL Coverage Ratio



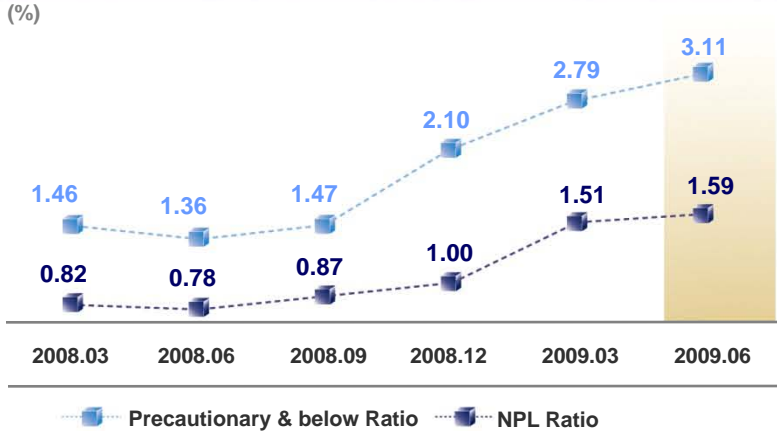
(KRW billion)	2009.6	2008.12	YTD% (%P)	2009.3	QoQ% (%P)
<b>Total Loan</b>	<b>174,657</b>	<b>179,561</b>	<b>-2.7</b>	<b>177,041</b>	<b>-1.3</b>
<b>Normal</b>	<b>168,638</b>	<b>175,182</b>	<b>-3.7</b>	<b>171,428</b>	<b>-1.6</b>
<b>Precautionary</b>	<b>2,930</b>	<b>2,332</b>	<b>25.6</b>	<b>2,602</b>	<b>12.6</b>
<b>Substandard</b>	<b>1,360</b>	<b>764</b>	<b>77.9</b>	<b>1,260</b>	<b>7.9</b>
<b>Doubtful</b>	<b>699</b>	<b>430</b>	<b>62.5</b>	<b>671</b>	<b>4.2</b>
<b>Estimated Loss</b>	<b>1,031</b>	<b>853</b>	<b>20.9</b>	<b>1,080</b>	<b>-4.5</b>
<b>Substandard &amp; below</b>	<b>3,090</b>	<b>2,047</b>	<b>50.9</b>	<b>3,011</b>	<b>2.6</b>
<b>NPL Ratio</b>	<b>1.77%</b>	<b>1.14%</b>	<b>0.63</b>	<b>1.70%</b>	<b>0.07</b>
<b>Loan Loss Reserve</b>	<b>4,068</b>	<b>3,523</b>	<b>15.5</b>	<b>3,956</b>	<b>2.8</b>
<b>NPL Coverage Ratio</b>	<b>132%</b>	<b>172%</b>	<b>-40.5</b>	<b>131%</b>	<b>0.3</b>

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

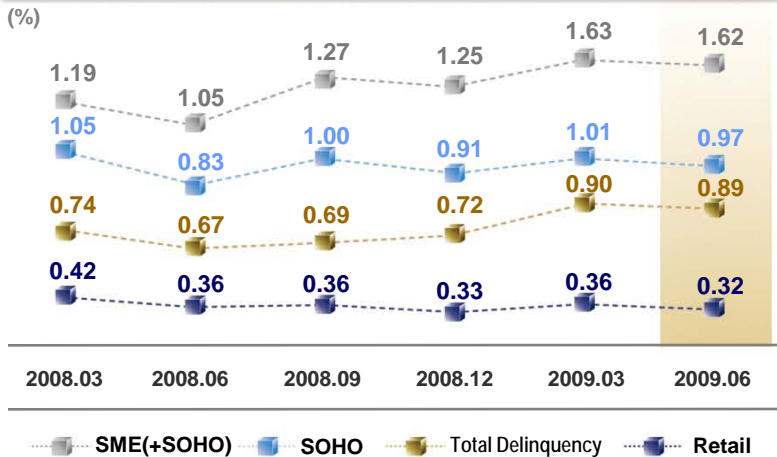


# SHB Asset Quality

## Precautionary & below Ratio / NPL Ratio



## Delinquency Ratio



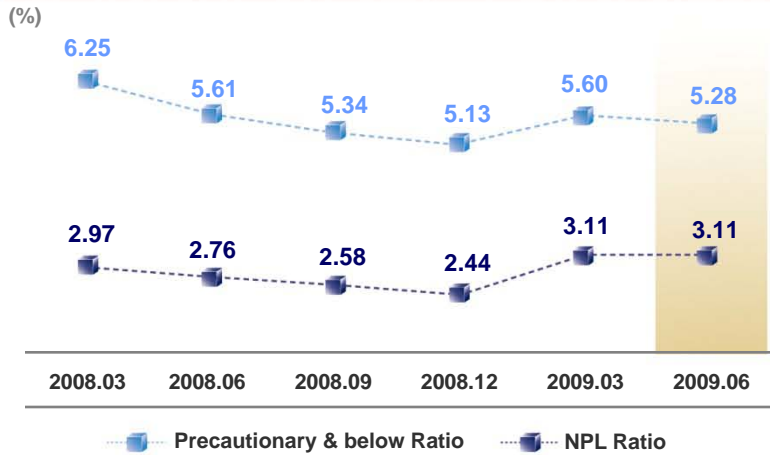
(KRW billion)	2009.6	2008.12	YTD% (%P)	2009.3	QoQ% (%P)
<b>Total Loan</b>	<b>149,854</b>	153,851	-2.6	152,091	-1.5
<b>Normal</b>	<b>145,189</b>	150,627	-3.6	147,854	-1.8
<b>Precautionary</b>	<b>2,287</b>	1,693	35.1	1,944	17.7
<b>Substandard</b>	<b>1,278</b>	743	71.9	1,176	8.7
<b>Doubtful</b>	<b>491</b>	302	62.7	445	10.5
<b>Estimated Loss</b>	<b>609</b>	486	25.3	674	-9.6
<b>Substandard &amp; below</b>	<b>2,378</b>	1,531	55.3	2,294	3.7
<b>NPL Ratio</b>	<b>1.59%</b>	1.00%	0.59	1.51%	0.08
<b>Loan Loss Reserve</b>	<b>2,939</b>	2,509	17.1	2,820	4.2
<b>NPL Coverage Ratio</b>	<b>124%</b>	164%	-40.3	123%	0.6

Note) 1 month overdue (new FSS standard)

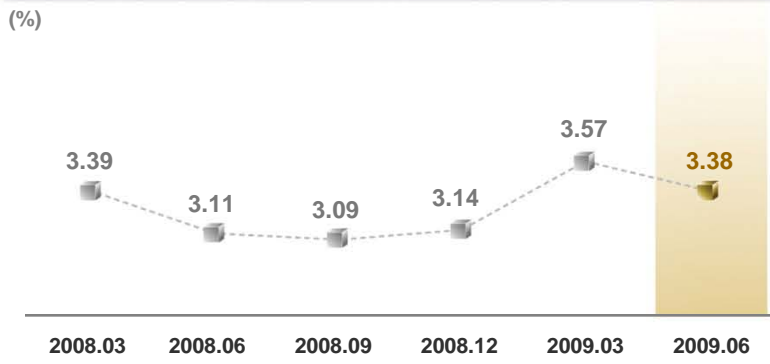


# Shinhan Card Asset Quality

## Precautionary & below Ratio / NPL Ratio



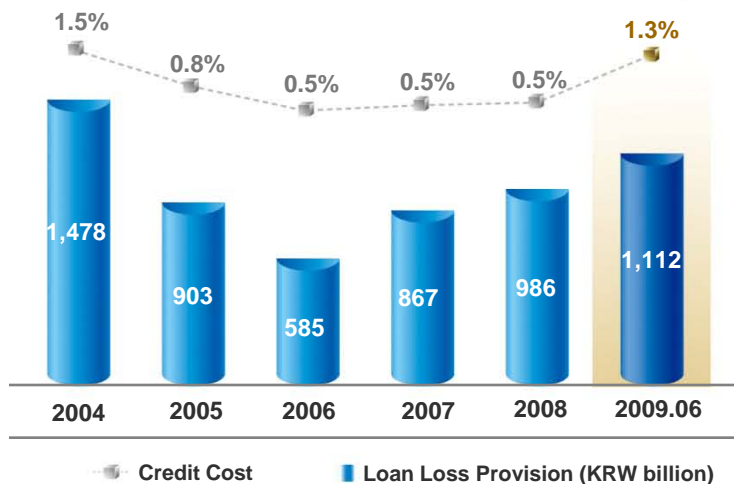
## Delinquency Ratio



Note) 1 month overdue

(KRW billion)	2009.6	2008.12	YTD% (%P)	2009.3	QoQ% (%P)
<b>Total Assets (Managed)</b>	<b>15,772</b>	<b>16,815</b>	<b>-6.2</b>	<b>15,931</b>	<b>-1.0</b>
Normal	14,940	15,953	-6.4	15,038	-0.7
Precautionary	342	452	-24.4	398	-14.1
Substandard	-	-	n.a	-	n.a
Doubtful	122	102	19.9	134	-8.8
Estimated Loss	369	309	19.4	361	2.2
<b>Substandard and below</b>	<b>491</b>	<b>411</b>	<b>19.5</b>	<b>495</b>	<b>-0.8</b>
<b>NPL Ratio</b>	<b>3.11%</b>	<b>2.44%</b>	<b>0.67</b>	<b>3.11%</b>	<b>0.01</b>
Loan Loss Reserve (Managed)	903	848	6.5	915	-1.4
<b>NPL Coverage Ratio</b>	<b>184%</b>	<b>206%</b>	<b>-22.4</b>	<b>185%</b>	<b>-1.0</b>

## SFG Loan Loss Provision

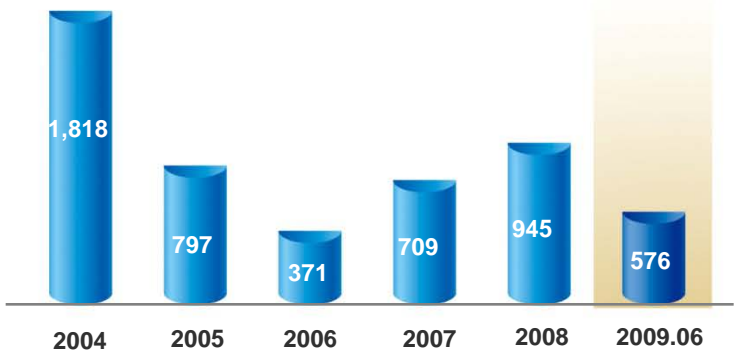


(KRW billion)	FY2008	FY2008				1H09	1H09	
		1Q	2Q	3Q	4Q		1Q	2Q
<b>Shinhan Bank<sup>1)</sup></b>	<b>865</b>	<b>53</b>	<b>82</b>	<b>296</b>	<b>434</b>	<b>881</b>	<b>421</b>	<b>460</b>
Retail	94	2	1	49	42	72	31	41
Corporate	771	51	81	247	392	809	390	419
<b>Shinhan Card<sup>1)</sup></b>	<b>24</b>	<b>3</b>	<b>8</b>	<b>-24</b>	<b>37</b>	<b>116</b>	<b>81</b>	<b>35</b>
<b>Total</b>	<b>889</b>	<b>56</b>	<b>91</b>	<b>272</b>	<b>470</b>	<b>997</b>	<b>502</b>	<b>495</b>

Note1) Shinhan Bank's figures are non-consolidated basis.  
Shinhan Card's figures are managed basis.

## Write-Off (SHB + Shinhan Card)

(KRW billion)



(KRW billion)	FY2008	FY2008				1H09	1H09	
		1Q	2Q	3Q	4Q		1Q	2Q
<b>Shinhan Bank</b>	<b>341</b>	<b>32</b>	<b>69</b>	<b>156</b>	<b>85</b>	<b>311</b>	<b>131</b>	<b>180</b>
Retail	75	14	13	36	13	51	31	20
Corporate	266	18	56	120	72	260	100	160
<b>Shinhan Card</b>	<b>604</b>	<b>118</b>	<b>152</b>	<b>167</b>	<b>167</b>	<b>265</b>	<b>106</b>	<b>158</b>
<b>Total</b>	<b>945</b>	<b>150</b>	<b>221</b>	<b>322</b>	<b>251</b>	<b>576</b>	<b>237</b>	<b>338</b>

# √ Capital Adequacy

## 1. Capital Adequacy





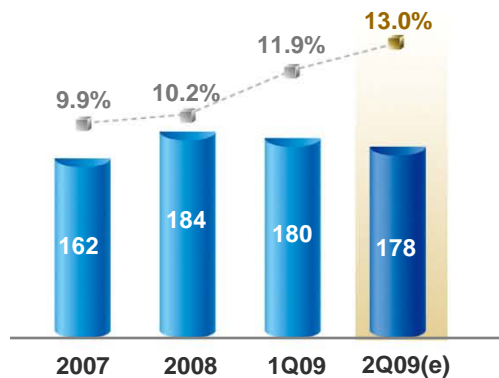
# Capital Adequacy

Group BIS Ratio				
(KRW billion)	2009.6(e)	2009.3	Chg	QoQ% (%p)
Risk-Weighted Assets	177,681	179,856	-2,175	-1.2
Capital	23,131	21,382	1,749	8.2
Tier 1	13,924	12,202	1,722	14.1
Tier 2	9,207	9,180	28	0.3
BIS Ratio	13.0%	11.9%		1.2
Tier 1	7.8%	6.8%		1.1
Tier 2	5.2%	5.1%		0.2

Shinhan Bank BIS Ratio				
(KRW billion)	2009.6(e)	2009.3	Chg	QoQ% (%p)
Risk-Weighted Assets	120,688	122,407	-1,719	-1.4
Capital	18,916	17,697	1,219	6.9
Tier 1	13,897	12,401	1,496	12.1
Tier 2	5,019	5,296	-277	-5.2
BIS Ratio	15.7%	14.5%		1.2
Tier 1	11.5%	10.1%		1.4
Tier 2	4.2%	4.4%		-0.2

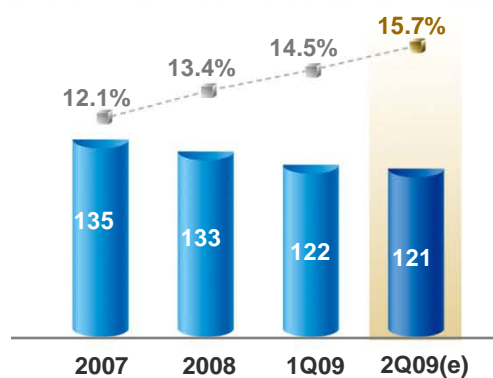
Note) Based on Basel II FIRB approach

Group BIS Ratio



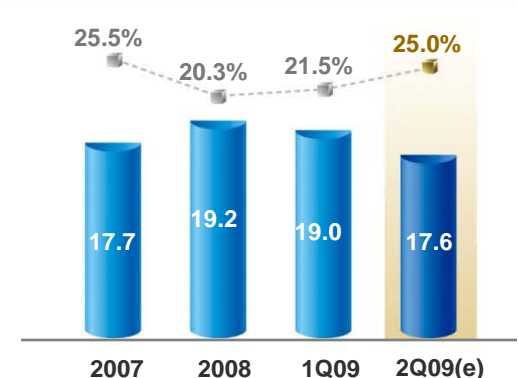
■ Risk-Weighted Assets (KRW trillion)  
 ● BIS Ratio

SHB BIS Ratio



■ Risk-Weighted Assets (KRW trillion)  
 ● BIS Ratio

Shinhan Card Capital Adequacy Ratio



■ Adjusted Total Assets (KRW trillion)  
 ● Adjusted Equity Capital Ratio

# VI **Appendix**

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**1. Key Financial Ratios**

**2. SHB SME Loans**

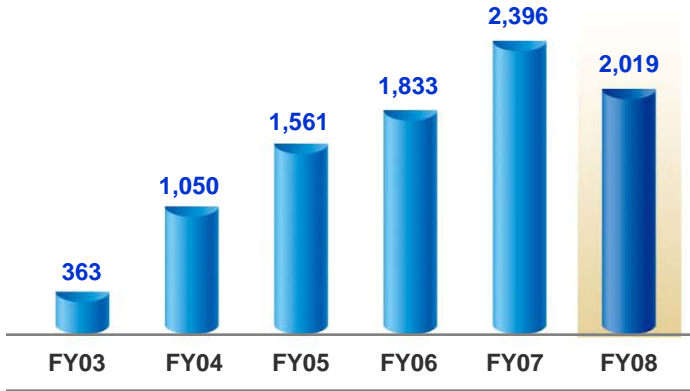




# Key Financial Ratio

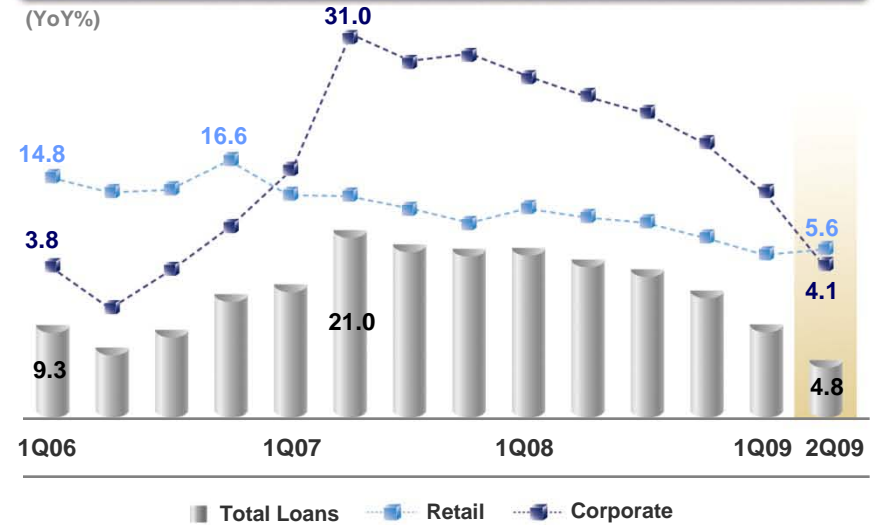
## Group Net Income

(KRW billion)



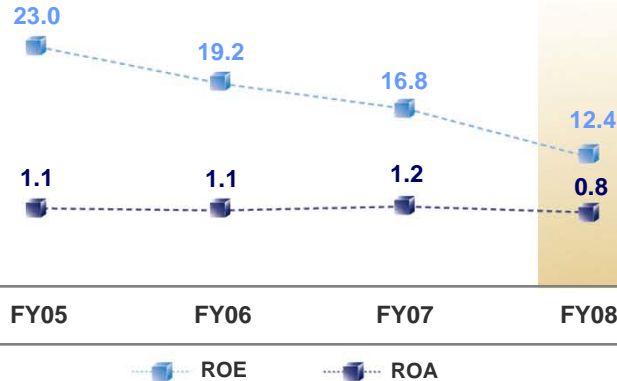
## SHB Loan (in KRW) Growth Rate

(YoY%)



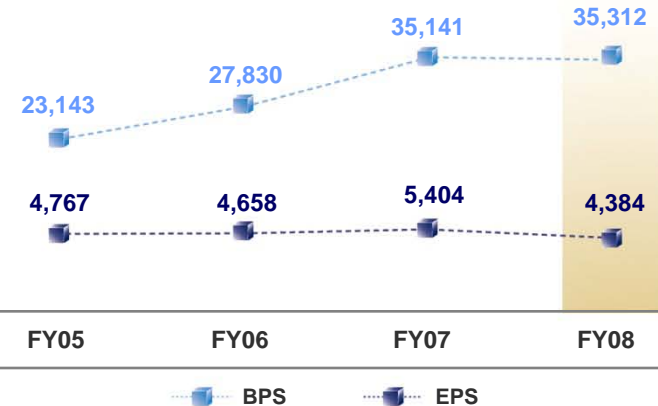
## ROA / ROE

(%)



## BPS / EPS

(KRW)



Note) ROE based on common stocks (including RCPS)

Note) Based on common stocks (including RCPS)

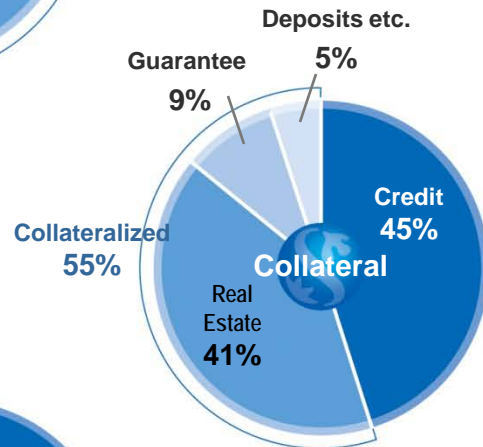
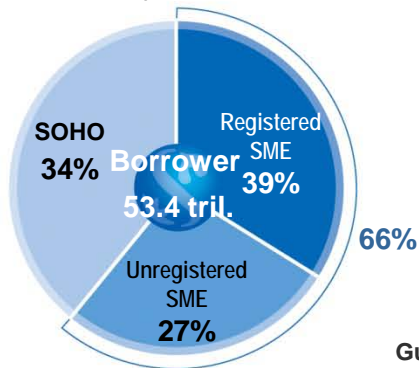


# Shinhan Bank SME Loans

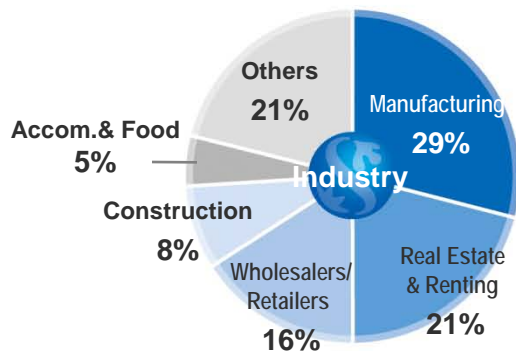
## SME Loans



(As of end of June 2009)



Note) 1 month overdue delinquency ratio for collateralized loans and credit loans are 1.4% and 1.9%, respectively



## Delinquency Ratio by Industry



(%)	2009.06	2008.12	YTD%p	2009.3	QoQ%p
<b>Manufacturing</b>	<b>1.68</b>	1.48	0.20	1.95	-0.27
Real Estate & Renting	1.83	1.09	0.74	1.47	0.36
Wholesalers/Retailers	1.03	0.95	0.08	1.35	-0.32
<b>Construction</b>	<b>3.48</b>	2.53	0.95	3.32	0.16
<b>Total</b>	<b>1.62</b>	1.25	0.37	1.63	-0.01

Note) 1 month overdue

