

Press Release
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The Asian Banker Excellence in Retail Financial Services Awards 2009

Shinhan Bank wins the award for Best Retail Bank in South Korea, 2008

- *Shinhan Bank wins the award for Best Retail Bank in South Korea in a difficult year for Korean banks.*
- *Shinhan Bank won for the first time this prestigious award for its convincing crises management strategy with focus on managing cost and capital adequacy.*
- *Over 120 banks and financial institutions from 22 countries across the Asia Pacific, Gulf and Central Asian regions were evaluated as part of the Excellence in Retail Financial Services Programme.*

Singapore, 20 March 2009 – Shinhan Bank won the award for being The Best Retail Bank in South Korea for the first time. The bank received the award at The Asian Banker Excellence in Retail Financial Services Awards 2009 ceremony, held in conjunction with the region's foremost retail banking event, the Excellence in Retail Financial Services Convention. The ceremony was held at the Grand Hyatt in Singapore on the evening of March 19th, 2009.

About 120 senior bankers from award winning banks in 22 countries across the Asia Pacific, the Gulf and Central Asian regions attended the formal gala dinner, the industry's celebration of the region's best retail bankers that recognizes their efforts in bringing superior products and services to their customers.

The awards programme, administered by The Asian Banker and refereed by prominent global bankers, consultants and academics, is the most prestigious of its kind.

A stringent three month-long evaluation process, based on a balanced and transparent scorecard, determined the winners and the position of the different retail banks in the region. A full list of winners is attached.

Shinhan Bank wins the award - Best Retail Bank in South Korea in a difficult year for Korean banks

Shinhan Bank has won the award for being the Best Retail Bank in South Korea in 2008 for the first time, having gained higher scores than the other banks surveyed in the programme, including Kookmin Bank, Woori Bank, Citibank and Hana Bank and Standard Chartered First Bank.

2008 was a difficult year for Korean Banks with falling revenues and profits in the second half of the year. Sustainability and risk management were the areas where Shinhan Bank dominated its peers. The bank's retail delinquency ratio at the end of 2008 was the lowest with 0.33% among the major competitors. The delinquencies constantly fell and almost halved since first

quarter of 2007. In order to cope with the financial crises, Shinhan Bank launched an internal committee in October 2008, called the Market Monitoring Committee to improve its risk management. The committee prepared three grades of management scenarios, which could be applied according to the seriousness of the financial crisis.

Brand value, customer satisfaction, and quality management were some other outstanding achievements of the bank. To achieve this, Shinhan invested heavily in the training of its employees. In addition, the bank showed intensive after-sales care for customers, who invested with Shinhan. By doing so, Shinhan not only prevented its existing customers from leaving the bank but also attracted deposits from new customers.

Shinhan Bank had a continuous retail loan growth of 7.4 % for the year 2008, with mortgages being the locomotive of growth. SME lending also had a healthy growth of 14%.

New initiatives, such as retail branch innovation, business process reengineering and call center innovation, designed to maximize operating efficiency have been successfully launched in 2007 and were implemented throughout 2008. At the same time, Shinhan Bank also concentrated on value innovation programmes such as six sigma for operational and organisational efficiency.

Shinhan Bank won for the first time this prestigious award for its convincing crises management strategy with focus on managing cost and capital adequacy

Shinhan Bank is often regarded as the most competitive lender among Korean banks. However, with the worsening of the crises, Shinhan's management reacted quickly and sped up its move to streamline its operations. The bank has decided to dispatch 30% of employees at its headquarters, such that 500-600 employees are transferred to branches to boost efficiency. It also plans to either shut down or consolidate more than 100 branches as part of efforts to cut down expenditure.

“Shinhan's unique strategy to grow internationally to diversify risk instead of expanding via mergers and acquisitions inside Korea is commendable. This strategy enables the bank to seek localization in other countries to gain long-term competitiveness and maximize synergy between domestic and overseas businesses,” says Mr. Chris Kapfer, Head of Excellence in RFS Programme of The Asian Banker.

Over 120 banks and financial institutions from 22 countries across the Asia Pacific, Gulf and Central Asian regions were evaluated as part of the Excellence in Retail Financial Services Programme

“This year over 120 banks and financial institutions in 22 countries across the region were evaluated as part of the Excellence in Retail Financial Services Programme. It has become the single most prestigious, comprehensive and anticipated awards programme that recognises the pursuit of excellence amongst retail financial institutions available almost anywhere in the world today,” said Philip Strause, Chairman of The Asian Banker Excellence in Retail Financial Services Programme.

The transparent award evaluation process uses a balanced scorecard approach and a comprehensive methodology to evaluate the strength of individual banks' retail banking businesses that involves extensive research and probing interviews, and taps on the combined experience of a team of experienced researchers.

Strause, who has over 30 years experience as a principal consultant to leading financial institutions in North America and the Asia Pacific, added: "The Asian Banker Excellence Programme was instituted in 2001 on the premise that an outstanding player in the retail financial services industry should build business franchises that are sustainable, competitive and profitable over a period of time."

About The Asian Banker

The Asian Banker is the foremost provider of strategic business intelligence on the financial services industry in the Asia Pacific and Middle East regions. The organization has offices in Singapore, Kuala Lumpur, Beijing and Dubai as well as representatives in Shanghai, London and New York. With a business that revolves around publications, research services, training and forums, the organization is highly regarded in the financial services community for its incisive and independent commentaries on developments in the industry. The company's website is www.theasianbanker.com.

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