

Towards a Better Society

Corporate Social Responsibility Report in Brief 2008

Shinhan Bank CSR Management Achievements in 2008

- Mar. 13, 2008** Ranked top in the banking category for Korea's most admired companies (5 years in a row), Korea Management Association Consulting
- May 15, 2008** Won grand prize in the CSR management category of the "Global Standard Management Awards"
- June 24, 2008** Awarded grand prize at the "2008 Korea Service Awards" (5 years in a row), Korea Standards Association
- July 14, 2008** Ranked 1st among banks in the "Global Customer Satisfaction Index" (4 years in a row), Global Management Committee . Japan Management Association Consulting
- June 10, 2008** Won grand Prize at the "2008 Korea CSR Awards" (2 years in a row), Korea Journalists Forum
- July 17, 2008** Awarded grand prize for best bank in Korea at the "Awards for Excellence 2008", Euromoney
- Sep. 4, 2008** Voted "Best Bank in Korea" in 2008, Finance Asia
- Sep. 23, 2008** Ranked 1st in the Korea Standard Service Quality Index, Korea Standards Association
- Nov. 18, 2008** Won grand prize in the "GRI-Certified Sustainability Report Awards", Korea Standards Association
- Nov. 28, 2008** Commentated as an excellent performer in preventing money laundering, Financial Services Commission
- Dec. 12, 2008** Awarded ministerial prize in the "Labor-Management Culture Awards", Ministry of Labor

Publication of Shinhan Bank's CSR Reports

- 2005 Shinhan Bank CSR Report (Korean)
- 2006 Shinhan Bank CSR Report "Towards a Better Society" (Korean)
- 2006 Shinhan Bank CSR Report in Brief (Korean/English)
- 2007 Shinhan Bank CSR Report "Towards a Better Society" (Korean/English)
- 2007 Shinhan Bank CSR Report in Brief (Korean/English)
- 2008 Shinhan Bank CSR Report "Towards a Better Society" (Korean/English)
- 2008 Shinhan Bank CSR Report in Brief (Korean/English)

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This report was printed with soy-based ink on eco-friendly paper.

Since its foundation,
Shinhan Bank has been a pioneer
that opens new era in Korean financial
industry and strived to make a strong and
sound bank that can face any challenge.
With an aim to become an ethical bank
that contributes to the community,
Shinhan Bank will further reinforce
its business ethics practice internally and
fulfill its corporate social responsibility externally,
as a responsible corporate citizen.

● Corporate Data (As of December 2008)

Established in	February 1897
CEO & President	Baek-Soon Lee (inaugurated in March 2009)
No. of Staff	10,926 persons
No. of Customers	Approximately 16.3 million
Branch Network	1,052 branches
Capital Stock	KRW11.9 trillion

(1USD=1,332.92KRW, as of Dec. 31, 2008)

Towards
a Better Society

The slogan "Towards a Better Society" represents Shinhan Bank's CSR philosophy that pursues a happier society and propels into a brighter future.

This is the summary of the "2008 Shinhan Bank CSR Report," the fourth edition of reporting on the bank's CSR performances. More details are available on the full edition or our website at www.shinhan.com/en.

I would like to first express
my deep appreciation to all
our stakeholders, ranging
from shareholders and
customers to business
partners, communities and
employees, for your support
and interest in Shinhan Bank.

CEO's Message



Over the past year, Shinhan Bank has preemptively prepared in anticipation of delinquent loans following the global credit crunch and economic slowdown, and made efforts to stabilize liquidity and asset soundness. Along with our efforts for sustainability in the financial crisis, we continue to fulfill our social responsibilities. In December 2007, we launched the dedicated "Corporate Social Responsibility Team" to handle our CSR activities, and in May 2008, we joined the UN Global Compact, pledging to abide by international standards in implementing our CSR management.

First of all, we offer financial aid programs to provide practical and timely assistance to SMEs that are suffering from the global financial crisis. We also endeavored for financial inclusion over the past year.

While providing financial aid and consulting services to personal business owners, we also offer unsecured loans and financial education programs to the financially underprivileged, as well as a micro credit program, helping their financial independence.

Under the slogans of "a warmhearted society," "a cheerful community" and "a sharing world," Shinhan promotes an array of social contribution projects that cater to the particular needs of each community. In this way, we are committed to returning profits and sharing value with local communities. At the same time, fully aware of the urgency and importance of countering climate change and protecting the environment, Shinhan Bank practices this agenda through its company-wide environmental management and environmentally friendly projects.

Everyone at Shinhan Bank will be unsparing in their efforts to make this an ethical bank that contributes to society and humanity. Heeding the opinions of various stakeholder groups, we will further complement our systems and programs to forge a practical and well-organized CSR management system.

We sincerely hope to receive the unwavering support and encouragement of our stakeholders as we embark on this journey to a sustainable future.

Thank you.

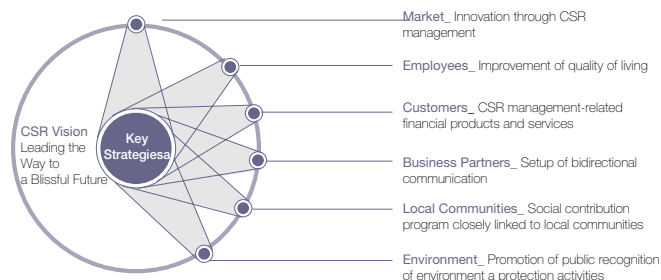
Baek-Soon Lee
President & CEO
Shinhan Bank

Baek Soon Lee

CSR Management

As a responsible corporate citizen, Shinhan bank has set its CSR management vision as "leading the way to a blissful future" to inspire hope and pride in its stakeholders. For efficient CSR activities, it established the Corporate Social Responsibility (CSR) Team in December 2007, which is in charge of monitoring the performances and activities of CSR initiatives. In the future, Shinhan Bank will actively participate in social contribution and environmental protection activities and promote its CSR programs while growing along with its communities.

• CSR Management Vision and Key Strategies



• CSR Management Organization



• Key Performance in CSR

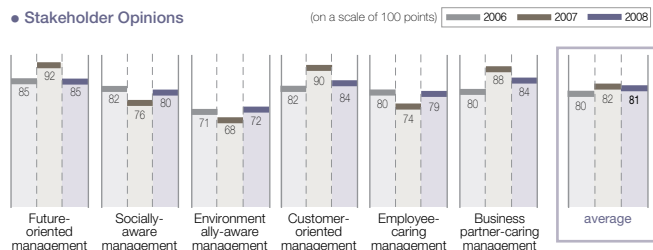
Category	Item	2006	2007	2008
Economic Performance	Total Asset (KRW billion)	176,974.2	208,312.1	249,509.4
	Operating Profits (KRW billion)	13,709.2	17,797.8	49,507.3
	Operating Income (KRW billion)	1,707.2	2,911.2	1,905.8
	Net Income (KRW billion)	1,659.2	2,051.3	1,446.7
	Corporate Tax (KRW billion)	524.8	803.6	456.4
Social Performance	Donations (KRW billion)	47.9	50.3	109.0
	Volunteer Hours per Capita	2.5	5.0	5.0
	Volunteers (persons)	12,980	15,703	15,914
	Staff (persons)	10,679	10,470	10,926
	New Employment (persons)	251	415	655
	Average Years of Service (years)	15.6	14.7	14.0
	Female Workers (%)	25.7	26.9	27.8
	Percentage of Female Managers (%)	13.6	15.5	17.0
	Disabled Employment Ratio (%)	0.38	0.40	0.36
	Educational Expenses (KRW billion)	11.5	15.6	15.4
Environmental Performance	Per Capita Training Hours	129	119	165
	Employee Satisfaction (on a scale of 100 points)	75.2	78.0	75.8
	Customer Satisfaction (on a scale of 100 points)	79.9	81.8	88.5
	Consumption (kwh)	11,360,340	10,606,080	10,516,920
	City Gas Consumption (m³)	872,399	729,000	540,614
	Tap Water Consumption (m³)	75,827	72,565	70,602
	Underground Water Consumption (m³)	17,632	35,264	17,374
	CO ₂ Emissions (T-CO ₂)	6,763	6,123	5,665

(1USD = 1,332.92KRW, as of Dec. 31, 2008)

2008 Stakeholder Dialogue

Shinhan Bank highly values stakeholder opinions in the process of publishing CSR reports. Therefore, the bank has actively reflected its stakeholders' opinions in identifying major issues and preparing CSR management plans and strategies through constant dialogue and feedback collection on their demands and interests. While maintaining constant communication channels with stakeholders, Shinhan Bank will further expand the platform for stakeholder engagement and build solidarity with them along with its continued endeavors in CSR management.

• Stakeholder Opinions

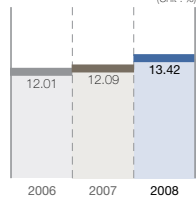


Economic Performance

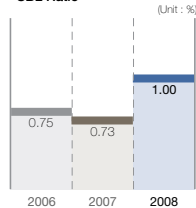
While Korean and foreign banks were struggling with the global financial crisis that was triggered by the U.S. sub-prime mortgage crisis, Shinhan Bank endeavors to maintain its capital adequacy and asset quality through the effective management of quality assets and timely funding. While focusing on substantial size growth, the bank has ensured profitability by aiming at the balanced growth of operating and non-operating incomes. As a result, its total assets stood at KRW24.95 billion, second only to KB among Korean banks. Based on its financial stability and brand value, Shinhan Bank will continue its efforts towards creating a stable financial platform through diversified product portfolios and aggressive marketing campaigns.

as of December 2008

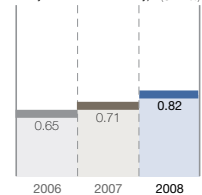
• **BIS Capital Adequacy Ratio** (Unit : %)



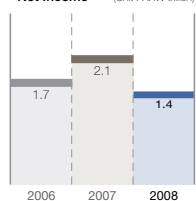
• **SBL Ratio**



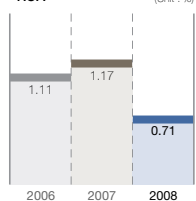
• **Deferral Rate** (principal redemption delayed more than one day) (Unit : %)



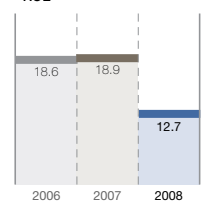
• **Net Income** (Unit : KRW trillion)



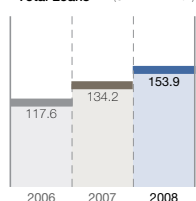
• **ROA¹**



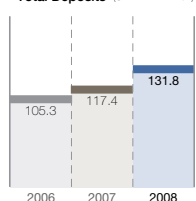
• **ROE²**



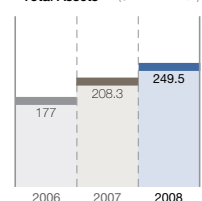
• **Total Loans** (Unit : KRW trillion)



• **Total Deposits** (Unit : KRW trillion)



• **Total Assets** (Unit : KRW trillion)



¹ ROA(Return on Assets): an indicator of profits generated from assets such as capital stocks and leverages

² ROE(Return on Equity): an indicator of profits generated from equity capital

Business Ethics

In accordance with the CEO's strong dedication to its business ethics, Shinhan Bank instituted and put into force ethical standards and programs for its employees. The Compliance Department serves as the main coordinator of all business ethics-related activities and promotes this business ethics system as part of Shinhan's corporate culture. Each year, every employee must refresh their commitment to ethical practices through a pledging ceremony, and the bank strives to promote this code of conduct by publishing promotional materials and ethics education programs.

Internal Control Activities

In 2008, 114 new regular auditors were selected and delegated to 515 branches in the Seoul Metropolitan area, and the "Internal Inspection System" was streamlined and integrated to establish an effective internal control platform. The bank also instituted compliance guidelines for its branches at home and abroad and supports their respective monitoring, as it removes blind spots and reinforces the report and control schemes.

Business Ethics Training

In 2008, newly hired employees and newly promoted managers attended 14 off-the-job training sessions on compliance, and practical courses on related regulations were given to workers at 203 regional branches across the nation. In addition, online courses were conducted on compliance and sexual harassment prevention, while related educational materials were shared with the holding company.

Compliance Program (CP)

The Compliance Program (CP) was introduced in June 2007 to encourage Shinhan Bank employees to comply with regulations on fair trade in fulfilling their day-to-day duties. In 2008, the bank conducted off-the-job training for the workers from headquarters departments with a high risk potential for fair trade and established a group-wide internal trading monitoring system that facilitates the control and monitoring of unfair or non aim's length support between affiliates.

Whistle-Blower System

A whistle-blower system is in operation since 2006 in order to prevent financial mishaps or violations through cross-checking among employees. Anyone can report violations via an exclusive website, e-mail, phone, post, fax and counseling under guaranteed anonymity.

¹ A computer system that inspects the efficiency of operation handling at branch offices to prevent accidents and reports inspection results

Customer Satisfaction

Socially Responsible Financial Services

Micro Credit Program¹

In cooperation with the Seoul Metropolitan Government, Seoul City Credit and Social Solidarity Bank, Shinhan Bank's micro credit program provides financial assistance to the financially underprivileged. This includes ongoing support for Seoul's financially challenged unemployed, disabled and female heads of households, which ranges from business start-up assistance to follow-up measures.

"Seed Money Account"

Shinhan Bank is the operating agency for the "Seed Money Account," formerly known as the "Child Development Account (CDA)," a financial support project by the Ministry for Health, Welfare and Family Affairs (MOHW) to give children from low-income brackets support in building assets. The program covers all expenses required when the child becomes involved in the economy, including tuition and costs incurred in acquiring technologies and starting businesses as well as housing expenses. It also provides economic and financial education.

Socially Responsible Products

Shinhan Bank effectively capitalizes on its characteristics as a bank to fulfill its social responsibilities by continuously developing a wide range of socially responsible investment vehicles. It is encouraging customers' active participation in social contribution programs with a series of new products. As a result, a growing number of social contribution products are introduced to the market every year. More detailed information is available on our beautiful bank website at www.beautifulshinhan.co.kr.

Supporting SMEs to Overcome Global Financial Crisis

Beginning in the second half of 2008, Shinhan Bank offers an array of SME support packages that includes won-denominated loans and export/import financing for SMEs with working capital shortages due to the abrupt surge in the foreign exchange rate. It set up a "SME Liquidity Support Team" under the supervision of the CEO to provide preferred support to SMEs that were deeply affected by KIKO trading. Other programs for SMEs include won-denominated loans, export/import financing and loan termination extension to help them relieve the liquidity crunch.

Customer Service

Customer Time-Saving Program

To address customer complaints about delays in waiting time and interruption, Shinhan Bank adopted a customer time-saving program. The program measures and monitors waiting times and processing times for customers, with the goal of minimizing time spent on bank visits.

Differentiated Sensible Customer Service

Practiced by all Shinhan Bank employees, the program brings a pleasant feeling to customers through all five senses over the course of the Shinhan Bank customer service experience, aiming for excellent customer satisfaction.

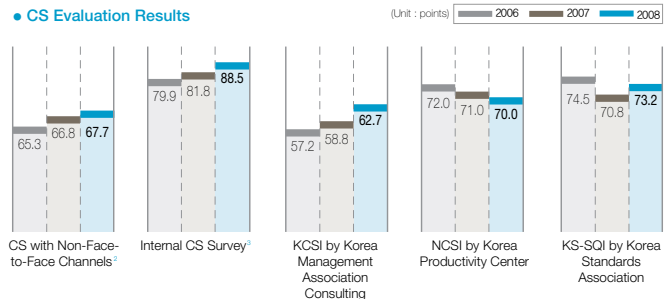
Customer Information Security

Shinhan Bank has come up with an internal customer information protection policy in compliance with related regulations and it notifies customers of the policy via branches and Internet banking portals. In a bid to reinforce security in electronic banking services, the bank now utilizes onetime password (OTP) services for Internet and phone banking services.

Customer Satisfaction Survey

Shinhan Bank conducts regular customer satisfaction (CS) surveys to help achieve customer-oriented service and provide better services based on the analysis of the strengths and weaknesses of service levels by branch and window.

CS Evaluation Results



¹ Micro Credit: a program that assists the financially excluded with unsecured loans and training courses

² Customer satisfaction with non-face-to-face channels = (Internet banking satisfaction x 50%) + (ATM satisfaction x 30%) + (phone banking satisfaction x 20%)
The survey is conducted every quarter. Each score is a simple average of quarterly scores

³ The customer satisfaction score is a simple average of the survey results conducted twice a year (1st half, 2nd half)

Environmental Management

Addressing Climate Change

Climate change has emerged as a pending issue in our modern world that poses a threat to sustainable growth. Korea, for its part, signed on with the global move to address this critical issue through a new "low-carbon, green growth" initiative and detailed roadmaps to implement it. Shinhan Bank also remains vigilant about environmental issues and adopted an environmental management system as part of its fight against climate change. In 2008, the bank made major progress with its environmental activities as it joined several global initiatives(UNEP/FI, Carbon Disclosure Project) to combat climate change and devised eco-friendly financial instruments and services backed by an enhanced risk management scheme for climate change.

Green Growth · Green Finance

Shinhan Bank recognized the need for green finance strategies and drew up a roadmap for a green growth loan program. The increase in the limit for loans granted to eco-friendly businesses will facilitate the promotion of socially responsible management by the bank. Its proactive loan policy to contribute to the green growth initiative socially and financially include focusing supports on the high value-added sectors of environment friendly businesses, increased loan extensions to eco-friendly businesses, loan reviews which take into consideration eco-friendliness and developing environmental products as well as raising employee awareness to environmental issues.

• Shinhan Solar Power Loan Launched

The "Shinhan Solar Power Loan" was launched in February 2009 to support the new growth engine project, the solar power industry, with power plant construction expenses. The loan finances expenses required for building solar power plants. Redemption is set on an installment basis, enabling the plant operator to pay back from operational proceeds. Any company who acquired permission to engage in the solar power plant business and sell electricity to KPX or KEPCO is eligible for the loan. The bank also ensures stability in the progress of the project by referring operators to sound builders. While the product is expected to contribute to the development of the solar power industry and promotion of the green growth initiative, the bank is also planning more environmentally friendly business financing products in the future.

Environmentally-Friendly Management

Shinhan Bank does not produce pollutants in the course of its normal business activities. Nevertheless, the bank operates environmental management program to address climate change by reducing the energy consumption in the course of normal operation of a number of branches and head offices.

⊕ Energy & Resource Conservation

Shinhan Bank has been actively involved in intensive energy control and enhancement activities at its head office and various branches. Appointing a person to take charge of energy conservation in each department, the bank set a goal of reducing energy costs by more than 10%. As a result, its energy consumption and CO₂ emissions are on the decrease each year since 2006.

Environmental Protection Activities

⊕ Tree Labeling Campaign

Since 1992, Shinhan Bank has been engaged in a campaign to label trees in national parks, Seoul Grand Park and the War Memorial of Korea at Yongsan, providing information on trees and raising public awareness to their conservation. Of the total 25,462 labels tagged on trees as of 2008, 3,160 are on Jiri Mountain, 1,796 on Dukyu Mountain and 1,264 on Wolak Mountain.

⊕ One Company, One Mountain Care Campaign

Shinhan Bank has participated in the "One Company, One Mountain Care Campaign" since 1991 to promote nature protection efforts and monitor mountaineers.

⊕ Environmental Photography Contest

Shinhan Bank organized the "Nationwide Environmental Photography Contest" in 1994 to cherish our natural environment and promote environmental initiatives. Marking the 15th event in November 2008, the prize-winning works are exhibited at bank branches nationwide and other public places to show the public the importance of the environment and its preservation.



Grand Award Winner of 2008
the 15th Nationwide
Environmental Photography
Contest Awarding Ceremony

⊕ Han-Pyeong Park

"Han-Pyeong Park" refers to beautiful places to relax that are as small as 3.3㎡(1 pyeong) that Shinhan Bank creates for local residents. The campaign selects 5 districts every year and conceptualizes a space that caters to their specific needs, helping build solidarity between the bank and local communities.



Han-pyeong Park(Sinnae
10th District)

Employee Satisfaction

As of December 2008, total regular staff numbered 10,926 persons, with the female workforce accounting for 27.8%, up 0.9%p from 2007. Thanks to the bank's efforts to retain talented female employees, 17% of the executives above the managerial level were female. In terms of job security, the bank has continued to rehire irregular workers as regular workers. In 2008, 153 were hired as regular staff, recording an accumulated total of 579 converted workers since 2001.

Human Resources Development

Education and Training

Various class-mandatory courses and competency enhancement programs are in place to help every Shinhan Bank employee realize their dreams and full potential. To identify global talent early on, global regional expert programs were launched with increased overseas branch assignments. As of now, 152 Korean employees are stationed in 41 Shinhan networks in 12 countries, along with 852 locally hired employees. In total, Shinhan Bank has 1,004 employees working abroad.

Career Development

The Career Development Program (CDP) motivates Shinhan Bank employees to voluntarily cultivate required job-related capabilities and assists them with setting their ultimate career goals through counseling sessions with experts.

Life Planning Program

Shinhan Bank offers a variety of services to its employees, assisting them with preparing for a happy future. Career development consulting services are available to full-time employees who have worked for more than 3 years in their designated career development path as tailored to individual aptitude. Full-time workers over the age of 45 are provided with "life planning consulting" services, assisting them with planning for retirement. For employees over the age of 40, a "career change support consulting" service is available to help them with planning for their future.

Employee Communications

Committed to an open-minded corporate culture, Shinhan Bank promotes interactive communications between top management and staff, encouraging the voluntary participation of employees on such occasions. To facilitate candid dialogue, the bank opened an intranet bulletin board and corporate messenger services for low-ranking staff to voice their opinions on material corporate issues.

Promoting Mutual Prosperity with Business Partners

Shinhan Bank Business Partners

Shinhan Bank relies on specialized services from outside experts for its consulting and survey activities, building and facilities maintenance, debt collection, security, money receipt agents and IT system development. Except for the group-wide joint purchase order items, all supplies required for normal business operations are purchased directly by the bank.

Building Mutually Beneficial Partnerships with Business Partners

In pursuit of a mutually beneficial partnership with its business partners, Shinhan Bank implements win-win cooperation policies through an array of efforts, including process support, monitoring and regular meetings to help them with increasing capacity. Shinhan Bank shares its ethical management philosophy with its business partners and encourages them to participate in practicing fair business ethics. To ensure fair and transparent transactions with its business partners, the bank attaches an integrity pact to all contracts for orders placed.

Business Partner Communications

In a bid for candid and active communications with its business partners, Shinhan Bank expanded its regular meetings program with suppliers. While serving as a major communication channel between the bank and its business partners, the meetings also provide an important window for the bank to better understand grievances that its partners face in the course of transactions with Shinhan Bank and the relevant business environments. Shinhan Bank will remain committed to open-minded communications with its business partners, while promptly addressing inconveniences and heeding their opinions.



Meeting for IT company CEOs



New Year's Eve party

Community Involvement

Community Development Project 'Sharing Happiness'

◎ Overseas Volunteerism

Starting with the volunteer activities in Vietnam in August 2007, Shinhan Bank's local subsidiary, Shinhan Khmer Bank, supported water supply projects at Cho Village in Cambodia, its sisterhood village in November 2007. In August and November of 2008, the bank also provided medical services to the underdeveloped regions of Cambodia in a partnership with Seoul National University Dental Hospital and Seoul National University Hospital. It also remodeled the operating room of the "Khmer Soviet Friendship Hospital" in Phnom Penh and donated medical equipment and provided educational programs in addition to other volunteer activities at Cho Village in the Prey Veng region of Cambodia.

◎ Charity Click

As a year-round donation drive among employees, Shinhan Bank runs a program called "Charity Click" on its Beautiful Bank homepage (www.beautifulshinhan.co.kr), where visitors can donate a certain portion of their paycheck by clicking.

Shinhan Bank Volunteer Group

Shinhan Bank launched the "Shinhan Bank Volunteer Group" on July 7, 2004. Headed by the CEO, the group's members are all Shinhan Bank employees. Through its continued sharing activities, the group is creating a beautiful bank that will build a better society for all.

Caring for the Next Generation 'Long-Term Planning'

◎ Finance & Economics Education

Shinhan Bank cares about the next generation. Capitalizing on its specializations in finance and the economy, the bank inspires children to have a sound attitude towards money and a good understanding of the economy through economics classes. During vacations, Shinhan's Museum of Korean Financial History also offers a "financial literacy program."

◎ Beautiful Flea Market

"Beautiful Flea Market" is an annual event that Shinhan Bank holds for children on May 5th(Children's Day), where they can experience the market economy and the beauty of recycling as they sell their used toys, books and clothes. The program cultivates sharing and caring mind in our children, offering opportunities of voluntary donation activities.

◎ Children's Library

In July 2008, Shinhan Bank opened a "Children's Library" within the Hyoseong Library in Gyeonggi-do, Incheon. It was the first children's library that the bank donated as part of its initiative to build exclusive libraries for children.

Culture · Arts · Sports Promotion 'Sharing Culture'

◎ Protecting Cultural Properties

Drawing on its national branch network, Shinhan Bank organized a "Cultural Assets Love" campaign, encouraging employees and their families to preserve Korean traditional cultural assets. Shinhan Bank initiated the "Restoring Lost Cultural Assets" campaign in 2006 to identify the nation's most valuable cultural assets and deliver their cultural value to the next generation. In August 2008, Shinhan Bank also began participating in a restoration program conducted by the Cultural Heritage Administration of Korea to rebuild Sungryemun (Gate of Exalted Ceremony), a national icon that was reduced to ashes in the beginning of the year, which is to be completed in 2012.

◎ Shinhan Music Awards

Launched in 2008 as part of the bank's corporate cultural activities, Shinhan Music Awards is the first award program in the financial sector to identify promising talent in the classics and promote the development of classical music. The prize goes to young Korean musicians under the age of 25 with excellent achievements and growth potential.

◎ e-Sports (Shinhan Bank Starcraft League)

Korea has emerged as the world's 3rd largest online game industry power, with 18 million active game users. e-sports has become a new cultural trend for young Koreans from 13 up to the 30s. Shinhan Bank Starcraft League was launched to promote Korean e-sports, contributing to enhancing the nation's competitiveness in the global e-sports market.



Cultural Asset Protection Event at Gyeongbok Palace



Shinhan Music Award