

Creative

Advanced

Excellent



Shinhan Bank





ACE Shinhan!

Advanced Creative Excellent Shinhan

Advanced, Creative, Excellent Shinhan! aims to:

- Pursue new (customer-oriented) marketing for brand loyalty and customer intimacy
- Establish an optimal earnings structure for corporate sustainability management
- Revamp foundations for global competition
- Prepare a foothold for successful integration

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Advanced Shinhan!

- _ Defining advanced goals and standards
- _ Advancing best practice with cohesive force and promptitude

Creative Shinhan!

- _ Presenting creative actions and processes to attain objectives
- _ Leading change with creative activities

Excellent Shinhan!

- _ Delivering excellent results for customer satisfaction (product leadership and customer intimacy)
- _ Ensuring customer loyalty with excellence in everything we do (operational excellence)



Advanced
Creative
Excellent SHINHAN

PROFILE

The bank you can always count on

Since its incorporation in June 1982, Shinhan Bank has made steadfast efforts to conduct rigid, scientific risk management and reduce bad debts, and thus earned itself an unchallenged standing in Korea as one of the most stable and healthy banks.

A humble start in 1982 with 25 billion won in capital, a staff of 279, and only 3 branches

Shinhan Bank made a humble start on July 7, 1982 with 25 billion won in capital, 279 staff members, and only 3 branches. Despite its short history, however, it has enjoyed constant growth and is now one of the healthiest large banks in Korea, boasting 83.8 trillion won in total assets, 4.1 trillion won in shareholders' equity, 4,820 staff members, 378 branches, 55.8 trillion won in total usable deposits and 844.1 billion won in net income.

The most convenient bank you can trust, and who is always a step ahead

Shinhan Bank received a great deal of recognition as the bank with the highest per capita productivity and best talent management performance. The Financial Supervisory Service praised us as the bank with fewest complaints and a leader in Internet banking, while the Federation of Korean Industries and Seoul Economic Daily jointly awarded us with the prize of "Most Respected Company of 2004." These contributed to solidifying our strong brand image, including, "most customer-friendly bank," "a bank that is always a step ahead" and "a bank you can trust."

A world of broader, fuller financial networks

Shinhan Bank has always been at the forefront of breaking new ground in Korea's financial service industry. Upon Shinhan Financial Group's acquisition of Chohung Bank, we renewed our strong commitment to providing a "world of broader, fuller financial networks" and upgraded services so that we can maximize customer satisfaction.

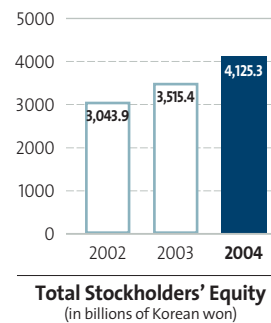
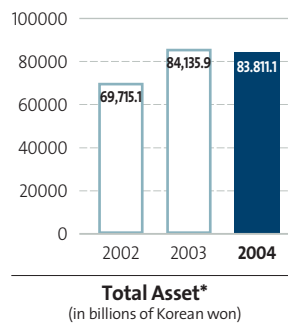
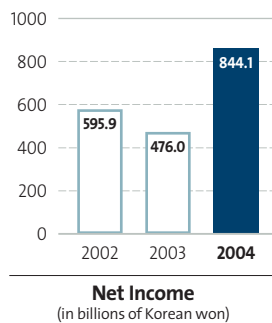
PROFILE

FINANCIAL HIGHLIGHTS

Key Financial Data

	in billions of Korean won		in millions of U.S. dollars*	
	2004	2003	2004	2003
Bank Account				
FOR THE YEAR				
Operating Revenues	5,917.8	4,852.0	5,669.5	4,050.8
Operating Expenses	4,881.9	4,180.6	4,677.0	3,490.2
Operating Income	1,035.9	671.4	992.4	560.5
Ordinary Income	1,201.9	685.7	1,151.5	572.5
Net Income for the Year	844.1	476.0	808.7	397.4
AT YEAR-END				
Total Assets	70,125.9	70,071.2	67,183.3	58,499.9
Total Loans	51,028.8	47,783.9	48,887.5	39,893.1
Total Securities	11,706.7	15,592.2	11,215.5	13,017.4
Total Deposits	43,690.6	45,612.6	41,857.3	38,080.3
Total Stockholders' Equity	4,125.3	3,515.4	3,952.2	2,934.9
Trust Account				
AT YEAR-END				
Total Assets	14,098.9	14,471.9	13,507.3	12,082.1
Total Loans	356.6	280.4	341.6	234.1
Total Securities	4,854.9	5,425.0	4,651.2	4,529.1
Total Money trusts	5,808.4	6,057.3	5,564.7	5,057.0
Financial Ratios				
Return on average assets	1.15	0.71		
Return on average equity	22.48	15.05		
Substandard & Below	1.39	2.20		
NPL Ratio by FSS	0.84	0.82		
Net Interest Margin	1.98	2.04		
BIS capital adequacy ratio	11.94	10.49		
(tier 1 Capital Ratio)	7.45	6.34		
(tier 2 Capital Ratio)	4.49	4.15		

Notes : Translated into US dollars at rates of KRW1,043.8/USD and KRW1,197.8/USD, respectively, the prevailing rates on December 31, 2004 and December 31, 2003.



* Total assets are the sum of bank and trust account, less intra-account (KRW 413.8 billion as of 2004)





Shin, Sang-Hoon
President & Chief Executive Officer

CEO's MESSAGE

“We are seeking balance and harmony in our management resources”

CEO's Message

Managing the business portfolio

The Korean economy in 2004 continued to experience slowdowns following weak export growth, while domestic demand failed to recover. Financial institutions were busy restructuring and reshaping their goals and systems in order to survive amid volatile exchange rates and the prolonged low-interest-rate trend. Moreover, foreign-based leading players were making full-fledged advances into Korean financial markets, adding to the already heated competition. Internationally, global economic growth was threatened by a number of issues including a fragile recovery, peaking oil prices and broad imbalances.

Under such circumstances, we delivered a satisfactory performance in 2004. This was achieved by income growth and efficient operations backed by the devotion of our entire staff in concert. We strove to build stronger relationships with customers while maintaining strict cost control. Diverse actions were taken to reduce risk and earnings volatility. We also made good progress in enhancing customer service overall, supported by the introduction of new products and improved processes.

As a result, our assets and shareholders' equity amounted to 83,811.1 billion won and 4,125.3 billion won, respectively, at the end of 2004-end. Net income was boosted 77.33% to 844.1 billion won from 476.0 billion won.

Improving market credibility

Additionally, we were awarded the grand prize at the "2005 First Brand Awards (FBA)," which was jointly hosted by the Korea Economic Daily and the Korean Consumers' Forum, in the banking category. This was particularly meaningful as the selection was made by the direct votes of consumers for "the best brands they want to use first."

When we received the 2004 "Great Workplace Award" in October 2004, Dr. Robert Levering, co-founder of Great Place to Work Institute and co-author of Fortune's annual list of the "100 Best Companies To Work For In America," included very meaningful comments in his survey results. He said, "The pride of Shinhan Bank members in their organization exceeds the average value of Fortune Magazine top 100 companies."

We were also selected for the "2005 Korea Ethical Management Grandprix," hosted by the New Industry Academy and supported by the Korea Ministry of Commerce, Industry and Energy and the Korea Chamber of Commerce and Industry, in recognition of our transparent management and social contributions. Based on these honors, we are determined to further develop our status as the more trusted bank with greater transparency and ethics.

2005 outlook and strategies

We expect economic growth in Korea to be hindered by a number of factors in 2005. Contrary to our expectations for economic recovery, uncertainties like deteriorating export growth and sluggish domestic demand will likely continue, saddled by the adjustment of household debts, bad credit holders and unemployment problems.

The financial sector will also likely have a difficult year, while the profitability of financial institutions will

We introduced “2005, ACE Shinhan!” as our management slogan and pledge to become a leading force in the financial industry.

be impacted due to burdens from rising delinquency ratios of small and medium sized enterprises and mortgage loans caused by stagnant businesses. Low interest rate trends and the immobility of market funds will continue.

Adding to the already heated competition for market dominance and leadership will be the growing number of foreign-based global banks who are making full-fledged inroads into domestic markets.

In the face of this financial environment, we plan to secure and strengthen our “world-class” competitiveness while continuing the “preparation of foundations for our successful integration with Chohung Bank.” To date, we have confirmed our strengths as a solid bank. From this year on, we will lay the cornerstone for further growth into a premier global bank based on such capabilities.

To this end, we have developed four management strategies to realize this goal.

- (1) Pursue new (customer-oriented) marketing for brand loyalty and customer intimacy
- (2) Establish an optimal earnings structure for corporate sustainability management
- (3) Revamp foundations for global competition
- (4) Prepare a foothold for successful integration

Positioning Shinhan Bank for Growth

Together, we rolled out “2005, ACE Shinhan!” as our management slogan and a means to victory.

“ACE” stands for “Advanced, Creative, and Excellent!” It signifies our pledge to become a leading force in the financial industry. “ACE Bank” signifies an organization with integrity in all aspects of its business, from vision, competence, and outcomes to size, corporate culture and community involvement.

First, we will continue to cultivate “Advanced Shinhan.”

To do so, we will always stay one step ahead of our competitors, utilizing forward-looking strategies, systems and processes in this highly competitive age where targets and ranges are also globalized. Precise understanding and objective evaluation of our position will take precedence, accompanied by a careful timetable and execution strategies to vigorously meet concrete objectives.

Next, we will build “Creative Shinhan.”

This means “leading changes” and “creative activities.”

Changes are imperatives and core motive power for the development of an organization. Half innovations rather than half changes will open new paths for us. Opposite conception, thinking outside the box, and diversified efforts are essential. We live in an era where we can no longer expect to generate profits in a lucrative market (that everyone is attracted to) or in an ordinary operating style (that anyone can freely use). The more competition intensifies, the more we will concentrate on the development of new businesses and creative operations by responding flexibly to the challenge of generating and maintaining our customer base. Dreams and ideas can bear fruit only through vigorous execution.



The ultimate goal is to become a customer and employee friendly bank, create a healthy and sound corporate culture and deliver value to our shareholders.

Finally, we will pursue “Excellent Shinhan.”

This is directly related to “customer loyalty” and refers to strong product and service leadership.

Brands embody the substance of our business and are referred to as the “dignity of an organization” and the “trust of consumers.” Also implicit within them are “excellent quality and technologies, an organizational culture with creative ideas and vitality” and the practice of ethical management and fulfillment of our corporate citizenship.

In order to position Shinhan Bank as a distinguished financial house and a provider of prestige products and services, and come out on top of the fiercely competitive international financial arena, we should be well equipped with solid quality in all dimensions.

The entire staff—from product designers to branch counter employees—will be devoted to offering customer service above and beyond expectations with world-class expertise and professionalism.

We will also effectively concentrate our energies on the support of marketing activities under the motto, “business and market-focused and field-oriented.” All decision-making will be based on the voices of our customers.

Moving toward universal banking

We have a tradition of placing great importance on job sites and customers. Accordingly, we will strive to develop “creative marketing tools” and “new products” so that we can secure higher-level, differentiated business strategies and superior products.

Based on creative marketing strategies and blueprints, we will continue to perform effectively in a more proactive way.

Previously established methods that are also employed by others can no longer truly be considered “strategies.” This is the spirit of “ACE Shinhan” that we will continue to pursue.

We will create a great, energetic workplace, full of fun, trust and pride.

A small number of elites make up the core dynamic force, which has made Shinhan Bank what it is today and is the fountainhead from which we will cultivate a world-class financial institution.

In addition, we will encourage active discussion and communication between colleagues, seniors, and labor and management so that a strong sense of bonding and trust can be formed. We will build a customer and employee friendly workplace and become a practical standard setter.

The ultimate goal is to become a customer and employee friendly bank, create a healthy and sound corporate culture and deliver value to our shareholders.

Over the course, we look forward to your unswerving encouragement and support.

Thank you.

Shin, Sang-Hoon

President & Chief Executive Officer





Advanced
Creative
Excellent SHINHAN

VISION

Staying one step ahead of our competitors

Vision

Shinhan Bank's mission is to become Korea's foremost banking institution, creating and delivering value to our clients and society.

We are committed to providing superior banking services with a focus on financial security, innovative practice, competitive products and services, and world-class competence.

To this end, we aim to upgrade our competitiveness and prepare a foundation for our successful integration, based on the ACE Shinhan Principles: Advanced, Creative and Excellent.

Key strategies include the following:

(1) Pursue new customer-oriented marketing for brand loyalty and customer intimacy

- Core imperatives: | Materialize specialized comprehensive banking services by customer segment
- | Seek differentiated marketing and business strategies by customer
- | Activate direct channel marketing
- | Explore new businesses to meet change in customer needs
- | Develop differentiated products and services
- | Diversify investment products

(2) Establish an optimal earnings structure for corporate sustainability management

- Core imperatives: | Reinforce earnings bases and expand non-interest income
- | Secure a structure to confront management risk in emergency
- | Constitute optimal portfolios for balanced funding and funds operations
- | Strengthen infrastructure to maximize synergy earnings

(3) Revamp foundations for global competition

- Core imperatives: | Improve brand value to lead the domestic banking industry in the initial stage
- | Continue to create customer-oriented systems and processes
- | Expand a system to create, accumulate, utilize and share intellectual properties
- | Build a dynamic organizational culture with vitality through advanced personnel management
- | Construct a base for a global network

(4) Prepare a foothold for successful integration (with Chohung Bank)

- Core imperatives: | Settle "One Bank" prior to the start of an integration committee
- | Maximize joint management synergies under the "Dual Bank" structure
- | Prepare a foothold for successful execution of the "New Bank"

7B Management philosophies

- | Bank for the National Wealth (A bank to serve the nation)
- | Bank of Retail (A bank for the public)
- | Bank of Community (A bank to help one another)
- | Bank of Disclosure (A trustworthy bank)
- | Bank of Effectiveness (The most convenient bank)
- | Bank of World-wide (A global bank)
- | Bank for New Age (A bank for new generations)



ACE SHINAHN

ADVANCED SHINHAN



Advanced
Creative
Excellent SHINHAN

ACE SHINHAN

One Step Ahead

Shinhan's Strength

Shinhan Bank is known for its organizational vitality, efficiency and productivity, which have been constantly heightened through continuous changes and innovations with creative ideas. All these lead to solid competitiveness and excellence in everything we do, enabling the bank to become a strong, world-class financial service provider.

Overall, we boast an unrivaled customer satisfaction level, backed by (1) a strong corporate culture based on Shinhan values and the highest level of customer satisfaction in the banking industry, (2) one of the finest risk management capabilities in Korea, (3) leadership in synergy businesses through cross-selling and (4) transparent management with open internal and external communications. In addition, we are well equipped with (5) foundations for consolidation and crossovers under the Shinhan Financial Group's holding company system; and (6) a basis to expand our market reach and dominance through joint management with Chohung Bank (CHB).

(1) Highest level of customer satisfaction

- | Established a customer satisfaction (CS) center to roll out systematic CS management, a first in the banking industry.
- | Created a new culture in the domestic financial markets by providing fresh customer-first financial services.
- | Became a bench marking target for other financial institutions.
- | Selected as the best CS bank in numerous CS surveys at home and abroad, including those by the Korea Standards Association.
- | Selected as the best bank with the fewest customer complaints by the FSS in 2004 for four consecutive years.

(2) Excellent profitability & Efficiency

- | Continuously posted net income since inception and recorded the highest-ever results in 2004, including a pre-provisioning income of KRW1,446.0 billion and net income of KRW844.1 billion.
- | Per capita net income also amounted to KRW176.0 million, the highest level in the banking industry.
- | Return on assets (ROA) and return on equity (ROE) moved up to 1.15% and 22.48%, respectively, at the end of 2004.

(3) Outstanding risk management capabilities

- | Employed advanced credit screening by operating an objective statistics-based personal credit scoring system (CSS) and effectively managed credit risk on corporate customers through loan risk management system.
- | Operated a risk management committee to understand, evaluate and control overall risk.
- | Established risk limits for the entire bank and detailed risk limits by class to control risk on a sustainable level while also operating a comprehensive risk management system.
- | As a result, the ratio of substandard and below loans to total loans stood at 1.39% at the end of 2004 (an improvement of 0.81%p over the year), the best in the banking industry.
- | Non-performing loans (NPL) ratio decreased to 0.84% at year-end.



(4) Well-equipped with a foundation for crossovers under the financial holding company structure

- | Systematically unfolding synergy businesses through cross selling among SFG companies.
- | SHB's financial market dominance will expand further, making it the second largest bank in Korea (based on asset volume), when it merges with CHB in 2006.

(5) Well-equipped with advanced systems

- | Introduced the business headquarters system by market in 1998, a first among domestic banks.
- | Reorganized all branches into retail customer branches, SME branches and large corporate customer branches in 1999 in order to deploy segmented and efficient marketing activities by customer.
- | Introduced Millennium Retail Branch (MRB) and Shinhan PB in order to provide high-end specialized financial consulting services.

(6) Strong corporate culture based on Shinhan values

- | Created Shinhan spirit comprising ownership, challenge and teamwork. This spirit is reflected in Shinhan's four core values: "Creativity, Speed, Passion and Teamwork."
- | This corporate culture embodies our powerful competitive edge, as it enables the maintenance of risk awareness even within unlimited competition, and demonstrates strong confidence in and challenges to new goals and businesses.
- | Shinhan Culture is quickly becoming a basis for achieving an open organization that flexibly confronts both the external environment of markets and customers and the internal environment of the company through animated communications and the sharing of opinions among staff and between labor and management.



Corporate Governance

Promoting fairness, transparency and accountability with carefully defined systems and structures

Shinhan Bank realizes the importance of good corporate governance, a system by which we are directed and controlled and fulfill our obligations to our shareholders and society. We maintain the rules and procedures for making decisions on corporate affairs that specify the distribution of rights and responsibilities among different participants in the bank, such as the board of directors, managers, shareholders and other stakeholders, and that promote corporate fairness, transparency and accountability.

Accordingly, since October 23, 2000, we have formulated and put in force a code of ethics. This code stipulates basic ethics to be abided by as a corporation, sound work ethics to be heeded as a financial institution and ethical standards to be followed as a social member.

Our ethical management is led by the Board of Directors, Ethical Management Committee, Ethical Management Practice Council and Compliance Office, plus compliance officers at each division and branch.

Ethical Management

These moral platforms are aimed at the four pillars of our ethical management-customer satisfaction, shareholder value, corporate citizenship and employee satisfaction-with transparent and ethical management befitting our image as a “clean and transparent bank” which we have cultivated since inception.

Protection of customer interests through the development and provision of quality products and services, respect for customer opinions, protection of customer information, and fulfillment of promises to customers

Protection of shareholder benefits through the increase of enterprise value and shareholder value, transparency of accounting data, respect for shareholder opinions, and the improvement of external credibility

Observance of social obligations through the observation of laws and regulations, active participation in social activities, practice of fair trade, avoidance of unfair competition, participation in environmental preservation, and prohibition of involvement in political activities

Pursuit of employee satisfaction through the enhancement of life quality, provision of fair opportunities and proper compensations and improvement of work environment



Practical Programs

For Customer Satisfaction

- | Do our utmost for the success of our customers by placing highest consideration on their standpoints and providing the finest products and services.

For Shareholder Value

- | Maximize corporate value through rational investments and sound management; and deliver stable, long-term benefits.

For Corporate Citizenship

- | Respect social values, observe all laws and regulations, and contribute to the national economy and the development of society.

For Employee Satisfaction

- | Respect individual personality, autonomy and creativity, and improve the welfare and benefits of our employees.

For Open Management

- | Promote interactive communication between management and employees and spontaneous participation in management.
- | Operate employee participation channels including a cyber plaza on the company homepage and breakfast meetings.

For Smaller Enterprises

- | Expand financial support and credit lending.
- | Develop a variety of products for financial support.
- | Operate education and training programs for corporate customers and diverse programs for quality corporate customers, such as concerts and seminars, in order to solve any problems and revamp relationships with corporate customers.

Others include employee pledges for integrity and fair and speedy transactions, self-inspection and self-imposed observance of ethics and regulations for fair trade, and the operation of an ethical management help center.

These efforts are actively carried out in order to ultimately realize a clean and transparent bank, establish customer-oriented financial practice, oppose internal illegality, injustice and irrationality, improve the welfare of employees, and encourage social contributions.

Executive Officers & Outside Directors



Executive Officers

- | | | | |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1_ Shin, Sang-Hoon
President &
Chief Executive Officer | 2_ Cho, Jae-Ho
Director & Standing Auditor | 3_ Youn, Gwang-Lim
Deputy President &
Chief Credit Officer | |
| 4_ Han, Min-Ky
Deputy President &
Head of Retail Banking
Division | 5_ Han, Do-Heui
Deputy President &
Head of Corporate
Banking Division | 6_ Suh, Jin-Won
Deputy President &
Head of IT Division | 7_ Yang, Shin-Keun
Deputy President &
Head of Treasury Division |
| 8_ Oh, Sang-Young
Deputy President,
Planning & Coordination | 9_ Lee, Hyu-Won
Deputy President &
Head of Investment &
Financing Division | 10_ Choi, Sang-Woon
Deputy President &
Head of Trust Division | 11_ Kim, Eun-Sik
Deputy President,
Human Resources |

Outside Directors

- | | | | |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Choi, Young-Hwi
Director
President & CEO of
Shinhan Financial Group | Jeong, Kap-Young
Director
Dean of Academic
Affairs of Yonsei University | Park, Kyung-Suh
Director
Professor of Business &
Administration Dept. at
Korea University | Seo, Sang-Rock
Director
Ex-dean of
Incheon City College |
| Lee, Jae-Woo
Director
Senior Executive Vice President
of Shinhan Financial Group | | | |



A source of
new **practice**
and **revenue**



Synergy Business

Leadership in synergy business through cross-selling

Differentiated synergy creation capabilities to secure world-class competency

- Fast and efficient decision making and implementation
- Emphasis on principles and merit-based rewards
- Strong customer base
- Excellent product development and risk management ability

We aim to seek differentiated synergy creation capabilities to secure world-class competency.

In 2004, Shinhan Bank was focused on the following strategies to carry forward synergy businesses.

First, we strengthened qualitative businesses rather than pursuing simple quantitative increases, and concentrated on the step-up of earnings through synergy businesses and the diversification of revenue drivers by improving effectiveness.

Earnings from such synergy businesses amounted to KRW91.6 billion in 2004.

Second, we were devoted to revamping foundations for synergy businesses, such as the realignment of synergy business-related evaluation and compensation systems, the construction of IT infrastructure and the education of employees on synergy products.

As a result, we were able to complete our synergy business system.

By sector, we provided a variety of investment trust products utilizing the portfolio suggestion system for individual customers by customer segment. In particular, we satisfied customers' needs for advanced financial products through the sales of foreign mutual funds. This enabled us to record a net increase of KRW1.7 trillion in sales, far exceeding the original target sales.

As for bancassurance, we strove to enhance foundations for stable business, strengthening the education of sales employees, establishing cooperative relationships with affiliated companies and continuously introducing products since the launch of bancassurance in September 2003. Consequently, premium income (based on initial premium) amounted to KRW108.0 billion for lump-sum payment products and KRW10.7 billion for installment-type products, while relevant commission income totaled KRW24.5 billion.

With regard to credit cards, we were devoted to securing new financially healthy members through bank channels and increasing sales of existing members. In addition, we launched a number of market-oriented credit card products through cooperation with Shinhan Card. As a result, the number of new credit card members passed 0.26 million in 2004.

Observing the Financial Network Account (FNA) business in linkage with securities businesses, we sought an expansion in the securities customer base by developing actual securities trading customers. This way, we developed as many as 9,500 new trading customers and created approximately 33,000 effective securities customers, improving management results via strengthened cooperative businesses with Good Morning Shinhan Securities (GMSH). Further, we produced full-fledged one-stop financial services and expanded GMSH's network, targeting our bank customers through the installation of seven BIBs (Branch In Branch: a hybrid branch model incorporating small-scale securities business outlets within bank branches).

In 2005, we will continue to lead the market by setting standards for synergy businesses and providing SFG's competitive products to meet the financial needs of our customers under the group's "separation of production and distribution strategy." We will improve the profitability of customers and the customer retention ratio by actively cross selling SFG products including investment trusts, bancassurance, credit cards and FNAs through the group's integrated customer relationship management (CRM).

In addition, we will continue to seek expansion of business areas by actively leveraging the groupwide "One Portal" network. We intend to increase our competitiveness and continuously raise profits by further reinforcing synergy businesses, generating new earnings sources through crossovers.

We will strengthen our competitiveness and continuously raise profits by further reinforcing synergy businesses, generating new earnings sources through crossovers.



Customer Satisfaction

The definitive value at Shinhan Bank.

1. Core values of customer satisfaction management

Shinhan Bank has concentrated on the provision of differentiated services ever since its establishment. We believe that the pursuit of customer satisfaction (CS) management is not a mere service for customers but is essential for our survival.

The customer satisfaction management we practice aims to realize our core values (customer satisfaction, business success, talent cultivation and top-level treatment). The definition of customers is not limited to customers for transactions but is expanded to encompass all parties concerned including employees, shareholders and society for customer satisfaction.

2. Customer satisfaction in the initial stage

| Creation of a new financial culture

Established on July 7, 1982, Shinhan Bank gave a fresh impact in the banking industry due to its innovative and differentiated services and attitudes. Our code of conduct, which advocates the slogan, "Let's touch the heart of customers," and the friendly reception of customers at bank counters, became a benchmarking target for other financial institutions as well as an opportunity to impart a new financial culture.

| Instruction of the concept of customer satisfaction and established a customer satisfaction center

CS management was launched in 1992, and its full-scale deployment began in 1993. We also established a CS center in 1993 for the first time in Korea in order to take general charge of CS activities and conduct regular CS surveys. The results were utilized for management indicators, enabling the bank to lead domestic financial services.

3. Customer-oriented systems

| Customer-oriented branch organization

Deciding that deep changes were the only solution amid rapid changes in the economic environment, we continued to lead the domestic financial industry with one-step-ahead strategies and services. These included converting the existing banking organization to a customer-oriented system by implementing the business headquarters system by market and the Millennium Retail Branch (MRB) structure by customer segment in late 1990s-another first in Korea.

| "Visiting CS support" activities

We operate the CS consulting team as part of our "visiting CS support" activities since the understanding of conditions and problems at service contacts is very important for the improvement of customer services at branches. Also in operation to improve service quality at counter contact points is the "Good morning! Academy," an employee training program to be held at job sites.

| **Survey on customer satisfaction level**

We have conducted surveys on the “customer satisfaction index (CSI)” from 1994, another industry first, based on the “counter service monitoring system” which we have maintained since 1994, to improve the quality of services.

We also have developed diverse schemes for bankwide service quality evaluation such as SH-SQI (Shinhan Headquarters Service Quality Index) and SE-SQI (Shinhan e-banking Service Quality Index). The needs of customers are researched and incorporated into our policies through regular surveys and evaluations.

| **Voices of customers**

Shinhan Bank collects the voices of customers through diverse channels, and such collected opinions are unfiltered and shared by the entire staff through in-house communication channels. We also operate the “CS conference every month in order to prevent the recurrence of customer grievances and improve our systems. We also introduced the “customer grievance early warning system” to scientifically analyze grievances and address them proactively.

4. Dynamic organizational culture

| **Creation of a great workplace**

We operate a variety of programs to create a great workplace and animate internal communications in the belief that true customer satisfaction begins from the attitude of our employees towards customers.

| **CS management through volunteer service activities**

We have actively practiced our management ideas, including “Bank for the National Wealth” and “Bank of Community”, encouraging participation in a broad array of volunteer service and public service activities as part of our CS management.

5. Development of new CS management

We continue to realize our management philosophy of “embodying a superior bank in harmony and balance” by carrying out three management objectives of “GSO (-Gateway to Group Customers, -Source of New Practice and Revenue, -One Step Ahead of Competitors)” and core imperatives for each management objective. At the same time, we are devoted to the establishment of a strong corporate culture, the root of our management philosophy.

| **CS Awards in 2004**

- | Received the 2004 Korea Service Grand Prix from the Korea Standards Association (KSA), a first in the domestic banking industry, in June 2004.
- | Ranked first in the Korea Service Quality Index survey managed by KSA, in the banking industry, for three consecutive years, in August 2004.
- | Selected as the best bank with the fewest customer grievances by the FSS in 2004 for four consecutive years.
- | Received the grand prize at the Global Excellent Management Awards from the Japan Management Association in December 2004.



EXCELLENT SHINHAN

Shinhan Bank aims
to **fully satisfy**
the expectations
of **customers**
and **society**



Beyond Banking

Corporate Culture and Community Involvement

Shinhan Bank is characterized by a dynamic corporate culture full of energy and devotion, adopting customer satisfaction as the highest value, based on transparency and loyalty.

We actively participate in a broad array of social activities in order to put our management ideas of “Bank of Community” and “Bank for the National Wealth” into practice, fulfilling our roles and responsibilities as a corporation to serve the nation and society.

In addition, we are committed to returning our profits to society and sharing subsequent benefits and values with the community we serve.

Ultimately, we aspire to become a world-class bank in communion with our neighbors in a true sense. Our fundamental goals include: social contribution activities where employees and customers can participate together; deployment of volunteer service activities for the community via sustainable and spontaneous participation; and the selection and support of community service activities which befit our characteristics.

Shinhan Bank participates in diverse social activities to fulfill its roles and duties as a mature corporate citizen sharing with neighbors in need and as a social member returning part of its profits to society.

Public Services

In order to create a “New Bank-One Bank” since the inclusion of Chohung Bank into the Shinhan Financial Group, we launched a joint volunteer service group of two banks, “Happy Messenger,” in November 2003. The group vigorously develops social service activities visiting a broad spectrum of social welfare facilities.

In addition, we regularly visit social welfare facilities, such as sanitariums and nurseries, to help provide comfort and encouragement for the less fortunate and the underprivileged. Since 1985, we have also visited military bases (in sibling relationships with Shinhan Bank) at the end of every year in order to spread encouragement to troops.

Likewise, we actively participate in various events to help neighbors who are experiencing hardships, including such activities as blood donations, relief funds for flood victims and volunteer service for farmhouses damaged by heavy snowfalls.

We have also supported teenage breadwinners since 1992 by collecting petty cash from our employee salaries and bonuses.

In 2004, we deployed the “Hope to Children” campaign in 2004. The campaign included a “missing children search” utilizing the bank branch network, “sending bread to undernourished children,” “blood donation and contributions for children suffering from cancer,” and many more events.

Another companywide program was “one employee, one public service action” with the purpose of systematizing and expanding our social service activities.

We held a charity bazaar at our main office on November 19, 2004, in which all of our employees participated, to help children and employees in need. We also held the “Kimchi preparation expo 2004” in November 13, 2004, in which 120 or so of our employees participated to help the underprivileged.

Meanwhile, we have developed and operated charity-linked products such as Green Compound Trust to accumulate and donate part of our proceedings from these products to charity. We have donated a total of KRW4.6 billion as such since 1995. Specifically, we support the credit recovery of bad credit holders, exempting their outstanding debts according to their participation in social service activities—again to fulfill our social roles and responsibilities.

Educational Support

Since 1990, we have participated in an invitation program for young children living on islands and in remote places in order to help them extend their knowledge and experience. This past May, we invited students from Naengcheon Elementary School in South Kyeongsang Province to a four-day field trip. The program included visits to Shinhan Bank and other interesting places such as the National Assembly and National Cemetery. The visiting children were presented with sports equipment, school supplies and souvenirs.

Since 1987, we have participated in the “Sending Teachers Overseas” program, which enables dedicated teachers to visit and experience the educational systems of foreign countries. To date, over 6,000 teachers have participated in this program. In 2004, about 500 teachers visited Japan for seven days from December 6.



Sports and Cultural Support

In our efforts to promote and develop sports and healthy activities in Korea, we contribute to the fostering of talented athletes and the activation of regional sports by supporting Shinhan Bank S-Birds, a professional women's basketball team. In 2004, we began to officially support the National Badminton Federation by holding the "Shinhan Bank President Cup National Badminton League" in November and providing necessary supplies to about 3,000 badminton clubs under the federation. We also take part in a wide array of cultural events such as the annual invitation of Korean residents in Japan since 1990 to help them learn about Korean culture, and the support of Madang Nori, a popular traditional folk play, to uphold our traditional culture.

Shinhan Bank Volunteers Group

Shinhan Bank Volunteers Group was inaugurated in correspondence with the 22nd anniversary of Shinhan Bank on July 7, 2004.

As the representative volunteer body of the bank, the group sees the participation of all Shinhan Bank employees, and is led by the bank president and each division head as chapter head. Through the group, Shinhan Bank aims to fulfill its social responsibilities as a mature corporate citizen sharing with neighbors in need and as a social member returning part of its profits to society.



Year 2004 At A Glance



Selected as the most respected enterprise by the FKI and Seoul Economic Daily (February, 2004)

Shinhan Bank received the Best Award for “Respectable Enterprise and Entrepreneur” (in the corporate sector), which was jointly conducted by the Federation of Korean Industries (FKI) and the Seoul Economic Daily in recognition of its development of top-class financial services and efforts to stabilize employment.



Picked as the bank with fewest public complaints for three consecutive years (April, 2004)

Shinhan Bank was selected as “the bank with fewest complaints” by the Financial Supervisory Service (FSS) for three years in a row. The FSS examines public complaints regarding financial companies, and the award recognized our firm settlement as a “bank for the best financial services” selected by customers.



Received Trust Company Award from Korean Consumers' Forum (June, 2004)

Shinhan Bank received the Trust Company Award in the 2004 Trust Company Research (in the banking category), which is jointly conducted by the Korea Economic Daily and the Korean Customers' Forum. The awards are given based on the evaluation of consumer confidence levels for transparency and just management.

Shinhan Bank was named the "2004 Best Bank in Korea" by FinanceAsia magazine, a Hong Kong-based information source on the Asian financial markets.



Earned Korean Service Award from KSA, a first in the banking industry (June, 2004)

Shinhan Bank was the first domestic bank to ever receive the “2004 Korean Service Award” from the Korea Standards Association (KSA). This award is given to individuals, organizations, and companies that have contributed to strengthening the competitiveness of the service industry by providing high quality service.



Opened foreign exchange at Haneda Airport, Tokyo, a first among foreign banks (June, 2004)

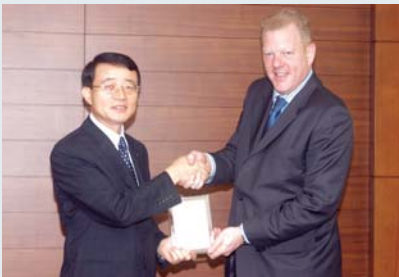
Shinhan Bank opened a bureau de change in the Haneda International Airport, Tokyo—a first among foreign-based banks—to provide tourists with more convenient financial services. Prior to this, the bank opened another foreign exchange counter at the International Ferry Terminal of Hakada Port in March 2004.

Year 2004 At A Glance



Founded a professional women's basketball team, S-Birds (June, 2004)

Shinhan Bank acquired a professional women's basketball team and changed its name to Shinhan Bank S-Birds Women's Basketball Team, as part of its efforts to promote and develop sports and healthy activities in Korea. By supporting the team, SHB will help foster talented athletes and encourage regional sports.



Named the Best Bank in Korea by FinanceAsia (July, 2004)

Shinhan Bank was named the "2004 Best Bank in Korea" by FinanceAsia magazine, a Hong Kong-based information source on the Asian financial markets.



Selected as "The Best Domestic Commercial Bank in Korea" and "The Best Domestic Cash Management Bank in Korea" by Asiamoney (July, 2004)

Another Hong Kong-based influential global weekly, Asiamoney, also picked up Shinhan Bank as the "Best Domestic Commercial Bank in Korea" and the "Best Domestic Cash Management Bank in Asia 2004" based on ten categories for evaluation, including quality of Internet banking, solutions, and services by cash management specialists in the Asian region.



Received the "2004 Korea Service Quality Index" award from KSA (August, 2004)

Shinhan Bank received the highest service quality index award for three consecutive years in the banking category. The awards were given based on the results of surveys conducted by the Korea Standards Association (KSA) targeting 42 industries and 172 companies in Korea.



Selected as "Excellent bank for business processes, technologies and capabilities" by Asian Banker (August, 2004)

Shinhan Bank was selected as an "Excellent bank for business processes, technologies and capabilities" by Asian Banker, a Singapore-based provider of integrated business intelligence to the financial services industry in the Asia-Pacific region.



Received e-Finance Award for EzPlus V2.0 from the MOFE and Korea Economic Daily (September, 2004)

Shinhan Bank received the “e-finance award” for its Internet banking service “EzPlus V2.0” in the 2004 Korea e-Finance Awards, jointly managed by the Korea Economic Daily and the Ministry of Finance and Economy (MOFE). The awards are given on the basis of evaluations of financial products and services in six categories including content and convenience. Of note, in 1999, SHB was the first in Korea to launch Internet banking.



Selected as Korea’s top banking performer by Global Finance for the second consecutive year (October, 2004)

Shinhan Bank was named the best emerging market bank in Korea for the second consecutive year, in the “2004 Best Emerging Market Banks” by Global Finance. The selections are based on the magazine’s exclusive survey with input from industry analysts, corporate executives and banking consultants in 14 countries. Criteria for choosing the winners included: growth in assets, profitability, strategic relationships, customer service, competitive pricing, and innovative products.



Received Korea’s Great Work Place Award (October, 2004)

Shinhan Bank received the Gold Prize in the “2004 Korea Great Workplace Awards” which are jointly formulated by the Korea Economic Daily and the ELTech Trust Management Institute. The awards are given based on comprehensive examinations of the employee confidence index survey, corporate culture evaluation and more. As the sole winner in the banking industry, SHB was highly rated for its exhaustive pursuit of company values (creativity, speed, passion and teamwork) and respect for its members through the operation of an employee satisfaction center.



Selected as the “Brand of the Year 2004” by consumers (October, 2004)

Shinhan Bank was selected as the “Brand of the Year 2004” in the banking category by the Korea Economic Daily and the Korean Consumers’ Forum. The top brands were directly selected by consumers’ votes.



Named the “Best Domestic Bank” by The Asset magazine (December, 2004)

Shinhan Bank was named “The Best Domestic Bank” by the Hong Kong-based Asset magazine in its 2004 Asset (Triple A) Awards. The Asset, one of Asia’s premier financial publications, annually recognizes top institutions in the Asia Pacific region for excellence in providing custody, trade, cash management, and asset management services.



Advanced
Creative
Excellent SHINHAN

REVIEW OF OPERATIONS

Providing a gateway to group customers for universal financial services.

Retail Banking

The retail banking market underwent difficulties in 2004, marked by (1) an increase in problematic loans in the SOHO sector following the delayed recovery of domestic demand and sluggish investments, (2) capital flight from the banking sector following the prolonged low interest rates, (3) a climb in credit risk due to a rise in bad credit holders, (4) an expansion in risk in real estate-related loans following a sluggish real estate market.

In such a difficult operating environment, the Retail Banking Division aimed to attain its strategic objective: establish Shinhan Standards in the retail banking by gaining differentiated competitive advantages. To this end, we strove to (1) secure balanced growth bases establishing a profitability-centered asset portfolio, (2) upgrade the outcomes of relationship management utilizing knowledge-based understanding of customers and (3) ensure futuristic organizational capabilities.

Specifically regarding loans, we endeavored to improve margins, expand quality credit loans and long-term loans, and strengthen asset quality management for balanced growth in the financial sector. As for deposits, we concentrated on the substantial increase of low-cost deposits while improving margins. As for non-interest income, we tried to boost commissions from securities, credit card and insurance-linked businesses and commission income from foreign exchange.

In order to upgrade the business results of customer relationship management, we devised standards for customer segmentation utilizing diverse variables and offered differentiated marketing tools by customer group. We also strove to establish optimal earnings models and pricing systems in consideration of sales and earnings. In addition, we reduced the workloads of branches and outlets to improve customer relationship management (CRM) and reinforce CRM capabilities befitting the market environment.

To secure organizational competence, we sought to secure competitiveness in business channels by improving the structure of branches with poor productivity while expanding manned and unmanned channels and rationalizing networks. We also looked to upgrade employee capabilities through the establishment of fair performance evaluation systems and the introduction of competence buildup programs. In addition, we extended marketing solutions to strengthen sales capabilities.

As a result, total loans in the retail banking business moved up 12% year-on-year (YoY) to KRW27,640.5 billion at the end of 2004. Total usable deposits amounted to KRW32,972.6 billion. Operating income stood at KRW1,040.2 billion. Before-tax net income surged 29% YoY to KRW549.1 billion.

We devised standards for customer segmentation utilizing diverse variables and offered differentiated marketing tools by customer group.



Deposits

We concentrated on the sales of hybrid financial products in linkage with SFG affiliates, such as bancassurance and investment trust products, in a bid to overcome the limitations of existing bank products and improve the balanced funding structure amidst the continued low interest rates and the deepening short-term immobility of market funds.

As a consequence, sales of investment trust products grew KRW1,458.0 billion year-on-year and bancassurance sales totaled KRW118.7 billion in 2004. Also, by rolling out marketing activities to increase low-cost deposits and strengthen our earnings basis, deposits increased KRW136.6 billion over the year, despite capital flight from the banking sector caused by the low interest rates.

Low interest rates are anticipated to continue. Customers are increasingly sensitive to interest rates, while demand for investment products is increasing. Therefore, the Retail Banking Division plans to maintain a stable funding structure by providing customized comprehensive financial products given the preference of customers.

Loans

In the unsecured loans sector, we sought selective increases in loans following a rise in market risk. Consequently, quality unsecured loans including High Class Loans (for professionals), Elite Loans (for high income earners) and “Public Servant Prime Loans” amounted to KRW123.6 billion. Mortgage loans, which are long-term loans, increased KRW5.4 trillion, among which KRW1,197 billion was raised through relationship marketing with real estate agencies.

Shinhan Long-term mortgage loans, which we introduced in 2004, passed KRW4 trillion at the end of 2004, preoccupying the secured loans market before our peers and thus securing a bridgehead for long-term growth in a core market. SOHO loans also expanded KRW573.1 billion through stable sales growth and conservative operations.

In addition, given continued economic slowdowns and increased risk in 2004, the Retail Banking Division actively reduced delinquencies to maintain favorable asset soundness. As a result, we realized satisfactory asset quality with the delinquency ratios of consumer loans standing at 0.13% at the end of 2004.

We concentrated on the sales of hybrid financial products in linkage with SFG affiliates to improve the balanced funding structure.

Customers

We carried forward more subdivided and elaborate relationship marketing during 2004. Specifically, we sought specialization to reinforce relationships with major customers and target customers and secure our profile as the best private banking (PB) service provider in Korea.

With this, the number of major customers who use Shinhan as their main financial transactions channel increased by 24,620, or 7.9%, over the year, while that of upscale customers gained 17,568, enabling Shinhan Bank to secure base customers for the expansion of cross selling.

In addition, we maintained the customer-retaining ratio for high-income customers above 90% by developing and utilizing a core customer breakaway predicting model and through constant management of customers who are likely to break away. We also increased per-capita cross sales volume by sector through an expansion in diverse marketing algorithms.

In 2005, we plan to extend the customer retaining ratio for high-net-worth (HNW) customers. To this end, we will activate cross-selling in linkage with SFG companies to preoccupy target markets and expand our market share, given intensifying competition in core customer markets amid low economic growth. We will also expand customer base by inducing “MASS” customers to use Shinhan as their major bank and secure customer-oriented marketing systems by establishing integrated retail (banking) upgrade strategies.

During the year, the financial environment surrounding the retail banking business will likely witness deepening competition among large post-merger banks and foreign capital such as Citibank Korea amid continued low interest rates.

With such market conditions anticipated, we will strive to secure world-class competitiveness by realizing the highest-level profitability and asset quality. On this note, we will be focused on the expansion of low-cost deposits and mortgage loans. We will also endeavor to heighten our market share in the quality unsecured loans market, expand the ratio of high-yield products to total products, and strengthen risk management in the loan business.



Private Banking

Amid intensifying competition in banking, many institutions are looking to their own core businesses to secure sustainable revenue drivers and stable funding sources. They particularly have been vying to move into the private banking (PB) sector as the market offers attractive returns with low risk and high per capita productivity. The steady growth of PB for High Net Worth(HNW) customers proves the deepening competition among banks.

Shinhan Bank introduced a private banking service in 2002, a first among domestic banks, to take charge of comprehensive asset management service for target customers with more than KRW1 billion worth of financial assets. Selective PB services were provided through an advanced membership system in a separately located center named Sky Branch on the upper floors of high-rise building. Other banks followed suit, launching similar membership-based CRM systems.

Within two years, we had two PB centers, one in Gangnam in September 2002 and the other at Seoul Finance Center in December 2002. Combined assets under their management amounted to approximately KRW1.0 trillion at the end of 2004, the largest in Korea. Such stellar performance was notable as the volume was similar to that for five to six branches with good sales results.

We opened three more PB branches in 2004, each located on the top floor of a landmark high-rise building, seeking both customer convenience and specialized strategies by locale. The Yeouido Center, opened in June, is located in the financial and broadcasting center of Seoul, mainly targeting executives of securities houses, consulting firms, main offices of foreign-based companies and multinational firms, plus broadcasting celebrities. The Seocho Center, opened in October, is located in an upscale area, providing PB services directed at customers working in legal circles. The Bundang PB center, opened in December, is located in a skyscraper commercial section offering easy access and convenience to customers in that new city. In 2005, we anticipate substantial growth in our PB business as the newly opened centers will begin services in earnest.

To enhance customer relationship services and attract prospects, Shinhan PB has held a variety of customer events and programs. These included quarterly seminars on investment topics, drawing some 800 participants annually, a ProAm golf tournament, anti-aging skin care classes and jewelry shows.

Backed by such strategies, PB assets under our management climbed sharply to KRW2.4 trillion at the end of 2004 from KRW1.56 trillion in 2003. This KRW900 billion YoY growth was particularly attributed to new customers secured through diverse marketing activities, plus an increase in the share of wallets (SOW) among existing customers, while providing HNW clients exclusive services through PB centers.

In addition to external growth, with the rise in total PB assets under our management we also sharply

Selective PB services are provided through an advanced membership system in a separately located center named Sky Branch.

expanded the sales of diverse investment products with an aim to realize balanced growth between total assets under management and earnings in the PB sector.

The ratio of PB assets to total banking assets stood at around 5%, but sales of bancassurance and investment products to total banking sales exceeded 10% ~ 20%. This proves that the PB sector is not only a major generator for total funding volume, but also can provide a stable earnings source. As such, PB indeed plays a role as a core funding source and provides a channel for a variety of products from SFG subsidiaries.

Sales of investment vehicles and bancassurance products will depend on the quality and performance of our financial advisory services in helping customers with their asset portfolios. Accordingly, we have initiated a Portfolio Management Team to meet the heightened financial needs of customers and to strengthen our financial advisory functions.

The team's three important missions are Reporting, Producing and Portfolio Managing. Reporting requires daily, weekly and monthly input, and these reports regularly provide our private bankers with all kinds of analytical reports on the domestic stock/bond/foreign exchange markets, plus trends on overseas financial market trends by region. The team also presents in-depth concrete data when specific issues arise, so that relevant analysis and countermeasures can be made and evaluated in linkage with specific products.

For the producing function, the team sells a diversity of products including separate taxation bond funds and foreign currency-denominated bond funds matching the tax management needs of our HNW customers. We also offer exclusive PB investment funds in a timely manner. As a result, the combined volume of such funds sold by five PB centers almost equaled the total volume attained by other banks' nationwide sales.

Lastly, the team provides a portfolio managing service by suggesting models and delivering periodical updates so customers can structure their portfolio for optimal asset management.

Driven by such investment product sales, the operating income from our PB business swelled to KRW13.1 billion at the end of 2004 from KRW7.9 billion in 2003, despite concerns that profitability could deteriorate due to initial investment expenses. In 2004, we steadily realized operating income of over KRW1 billion on a monthly basis. If such a trend continues, our PB operating income could advance by more than 150% in 2005, proving a stable earnings source for our banking sector.

Beyond the goal of value growth through comprehensive asset management, the guarantee of privacy for customers' financial information lies at the core of our PB operations. To meet this standard, we have implemented a number of proper compliance programs such as complete separation of consultations and online computation to block any possible improper relationships with customers or mistakes by relevant PB team managers. We utilize a computerized telephone conversation recording and monitoring system within the PB centers. We have also assigned an auditor to take exclusive charge of PB, providing professional audits on the PB sector.

For our PB personnel, we introduced a platform to inspire ethical awareness. The code of ethics lays down ground rules for PB team managers to observe when dealing with customers at all times, and is accompanied by the PB ethics pledge, a summary of basic morals and values to be followed during their service.

PB is probably the most fought-over field in the financial market. For 2005, we will further define our



leadership in the sector, making the most of the characteristics and strong points of each PB center, leveraging the experience we have gained to date. Also in 2005, we plan to open additional PB centers in the metropolitan areas and provincial cities, further positioning Shinhan Bank as the best and largest PB market leader in line with our pursuit of a “One Bank-New Bank” identity.

In furthering customer relationships, we are poised to execute truly comprehensive asset management services targeting not only PB customers, but also their children. Our diverse marketing strategies will include “Beyond Generation” from 2005, with activities like matchmaking events or etiquette and attitude classes for singles or the younger children of our customers.

Members of our PB team are committed to their roles in generating stable earnings for our customers in a financial market where low interest rates continue. This can be done through the steady creation of customized PB products. These may range from indirect investment-type funds (equity/gold/exchange rate-linked funds) and alternative funds (involving real estate/ship/gold investments) to a variety of overseas funds (by region, currency and asset operation), much like a financial department store for the exclusive use of our PB customers who can select among our variety of products at any time.



Corporate Banking

The Corporate Banking Division heightened its market position by continuously developing products and services for corporate customers while reinforcing businesses for the middle market, our core market.

In terms of sales, we maintained the largest share at 9.6% in the market for companies that prepared financial statements audited by independent auditors as of the end of 2004. We particularly maintained our firm leadership in the market for financially healthy companies that prepared financial statements audited by independent auditors, with a market share of 12.4%.

As to earnings, we posted noticeable results: pre-provisioning income boosted 25.9% YoY to KRW418.4 billion and before-tax income swelled 57.1% YoY to KRW324.4 billion. Such impressive results were driven by curtailments in funding cost, focusing on an increase in low-cost deposits, continued improvement in interest margins reflecting risk, and a rise in non-interest income (commission income) with a focus on trade accounts and derivatives.

As for asset quality, we also attained noticeable outcomes in the risk management sector as well. The ratio of substandard and below loans to total loans and their delinquency ratios improved 0.33%p and 0.02%p, respectively, over the year to 0.33% and 0.14%. These were attributed to the advanced screening processes and risk management structure.

Regarding products, we strove to shore up customer loyalty through the sales of customized/hybrid products including business process products and cash flow products meeting the needs by customer. We particularly strengthened our capabilities to develop market trend setting derivatives behind the emergence of exchange risk. We also revamped our business capabilities and built a system to share know-how through the collection and distribution of best practice.

In regard to corporate electronic banking using the Internet, we continuously upgraded Biz-BANK, a cash management service (CMS), which supports funds management, and also expanded the virtual account business. We also provided “B2B purchasing loans,” “E-biz loans with No Recourse” and “Future Bond-Backed Loans on future accounts receivable, solidifying our leadership in the electronic corporate banking sector.

In addition, we firmly established a foundation to carry forward our businesses in a scientific and systematic fashion, developing the Sales Platform Upgrade to Reach the Top (SPURT) System, which we constructed for systematic customer management and business support.

We strove to shore up customer loyalty through the sales of customized/hybrid products including business process products and cash flow products meeting the needs by customer.



We also focused on building our Relationship Manager (RM)-oriented marketing and risk management systems for the traditional business sector.

The Sales Platform Upgrade to Reach the Top (SPURT) System comprises of: (1) the Marketing Alert System (MAS), which automatically provides information on changes in the details of major transactions by customer, (2) the Proactive Proposal Approach (PPA), which supports the suggestion business by relationship managers (RMs), and (3) the Account Plan (AP), which supports comprehensive information management by customer and the Relationship Support System (RSS) which support the management of changes in external volume and earnings by all customers in charge. We also firmly established a foundation to systematically pursue businesses by developing and operating the Relationship Support System, which supports changes in overall sales and earnings by customer.

We also introduced several marketing programs tailored to the needs of each client group. We provided 'Prime Premier Club' and 'Premier Club' membership to our best-quality corporate customers that we selected based on profitability and financial health, and offered a variety of differentiated products and services. In addition, we launched 'High-Touch Marketing' to strengthen relationship with HNW corporate customers,

In 2005, competition will likely intensify all the more in the corporate banking market with foreign-based advanced financial institutions. Thus, Shinhan Bank will continue to fortify its strategic asset growth, by (1) expanding the Share of Wallet of quality existing customers based on our competitiveness in target markets and know-how on corporate banking and (2) newly developing financially solid non-customer companies that prepare financial statements audited by outside auditors. In addition, we will continue to improve our earnings structure by expanding investment banking for small and medium sized enterprises (SMEs), strengthening customized/hybrid products and continued development of new revenue drivers and differentiated pricing by credit rating. Through these efforts we will solidify our middle market leadership further.

In 2005, we will also newly launch full-fledged consulting services for SMEs to fix the win-win business models and seek the activation of a technical advisor team to provide differentiated professional services and secure more efficient business support systems.

Large Corporate Banking

We launched the Large Corporate Banking Division in 1999 in our long-term strategies to develop and expand new businesses, while meeting the diverse financial needs of large corporate customers. We also focused on building our Relationship Manager (RM)-oriented marketing and risk management systems for the traditional business sector. The division's name was changed to Investment & Financing Division in 2004, reflecting expansion in the investment banking business.

Consequently, we attained noticeable results in the large corporate banking sector in 2004. Despite the unfavorable financial environment at home and abroad, this business generated pre-provisioning income of KRW201.8 billion, a sharp increase of 22.4% over the year. The percentage of revenues from investment banking to total revenues from our large corporate banking division also expanded to 51.8% at 2004-end, up from 40.2% in 2003.

We also established foundations for securing earnings by expanding commission income-centered business capabilities mainly through: active market penetration for asset-backed securities (ABS), real estate financing, social overhead capital (SOC) and syndicated loans; and concentration on system marketing to increase low-cost funds.

In 2005, we plan to attract core corporate customers who will use SFG as their main financial service provider, by expanding our coverage ratio and cross selling. To do so, we will unfold differentiated marketing activities to target institutional customers and re-develop customers.

To further strengthen our position in large corporate finance, we will continue to brace our investment banking (IB) business as a future growth engine, expanding our market share and earnings power in each sector of IB. To this end, we will set up a co-marketing system for each IB sector to develop diversified products in multiple areas. We also will continue to strengthen market dominance by ensuring our position as lead manager for large IB deals.

As to traditional banking, we will strategically expand the scale and scope of fee-based businesses including e-banking and derivative financial products. In addition, we will concentrate on the establishment of an advanced earning structure, primarily by improving net interest margins (NIM) through an expansion in interest margins.

In addition, we will seek to estimate and observe proper EBITDA-based borrowings for individual affiliates, and improve the capabilities of compliance officers to obtain/process/utilize information on companies to set preemptive risk management in preparation for implementation of the Basel II Accord. We also will continue efforts to increase the vitality of internal organizations, building backup systems for the IB sector and expanding training programs to cultivate futurist IB specialists. This way, we aim to become a leader with powerful competitiveness in the IB sector.



Investment Banking

The investment banking (IB) sector is contributing to the development of financial markets by meeting complex needs with advanced techniques.

Investment banking's major businesses include: corporate restructuring and M&As, based on long-term growth strategies of companies: social overhead capital (SOC) project financing which consolidates the mainstay of Korea's economic growth, real estate development financing to transform barren land into highly profitable assets, substantial liquidity support through the securitization of corporate assets, and large-volume credit granting to assist super-large projects by companies at home and overseas.

In resolving such complex and diverse financial needs of companies, SFG offers total solutions for corporate customers through liquidity support, utilizing asset-backed securities (ABS) and asset-backed commercial paper (ABCP), diverse equity investment techniques, and risk-hedged structured financing.

Observing each sector's 2004 results, we reduced substandard and below loans by more than KRW270 billion through active support for corporate restructuring.

In the M&A sector, we executed a total of nine M&A projects, including the KRW260 billion Shinho Paper M&A Project which we arranged as sole lead manager, adding to our superior position and reliability in the IB industry.

SOC financing also posted noteworthy results in 2004. SHB concluded four SOC underwriter-consulting contracts, recording an impressive 132% increase in volume and thereby allaying the foundation to create significant long-term revenues. SOC financing has grown into an important part of our investment portfolio.

In real estate project financing, we recorded 34 new projects valued at KRW539.0 billion. This sector has become a core earnings source for our investment banking business, together with ABS. Given changes in real estate financing, we will further develop a variety of vehicles and models to lead the market in preparation for the emergence of after-construction apartment sales and real estate funds.

The ABS public offering business greatly contributed to solidifying our position as the IB market leader. We recorded KRW1.2 trillion in the issuance of asset-backed commercial paper (ABCP) with a 17% rise in earnings over the year, despite a decline in market volume. This was possible through our 'Goldwing' ABCP conduit structure, in operation for the first time in Korea.

On the strength of the brilliant results achieved by each IB sector, income from our investment banking business swelled 57.6% YoY. This mostly resulted from our unique holding company structure, providing “One Portal” universal financial services, while maximizing synergy effects among SFG unit companies, based on exhaustive risk management.

In 2005, we plan to actively support SMEs entering the global markets, providing active investments and assistance. To this end, we will spur venture companies to help power further development for the national economy. We will roll out multilateral support, sharing know-how among SFG affiliates, and activate affiliated businesses in the entire group. We will faithfully provide comprehensive financial services, utilizing our Investment & Marketing Team which consists of specialists from each SFG company.

We offer total solutions for corporate customers through liquidity support, utilizing ABS and ABCP, diverse equity investment techniques, and risk-hedged structured financing.



Treasury Business

The Treasury Division aimed to “secure the highest competitiveness in the domestic treasury sector” in 2004. Under this strategy, it focused on (1) strengthening its function as a profit center (2) establishing a basis for the development of new products and synergy businesses, and (3) reinforcing systematic asset and liability management (ALM) and middle office functions, and (4) expanding overseas businesses and business capabilities.

These efforts led to outstanding results, accomplishing 113% of our original annual target income. Notably, the division ranked first among domestic banks in the derivatives-related income during the year. Such results were primarily due to its concentration on the development of new products and the support of derivatives business. These were also attributed to the reinforcement of its functions as a profit center and the business support headquarters.

During 2004, the division unified the “Funds Transfer Pricing (FTP)” systems of the two banks, one of our tasks for the “One Bank” strategy prior to our integration with Chohung Bank within a couple of years. It also integrated dual branches overseas and secured a basis for overseas network extension.

The unification of FTP systems was directed toward the retaining strong points of the two banks. It was also pursued to enable the competitiveness of the merged bank to improve going forward.

The core strategic task of the division in 2005 is to “Construct a basis to secure world-class competitiveness in the treasury sector.” This should be a process of strategic selection to establish a required basis by 2006. To construct such a foundation, the division will reinforce its strategic functions, upgrade the ALM systems, improve risk management and profitability utilizing advanced financial techniques. It also plans to strengthen the development of new products and synergy businesses while concentrating on the construction of a foundation to secure global competitiveness in international businesses.

In the mid and long-term, the division will devote itself to securing high-caliber manpower with global expertise and cultivation of talents through various training and education programs.

Newly Translated for Treasury Business

Meanwhile, the Treasury Division is comprised of the International Business Department, Treasury Department, FX & Derivatives Department and Settlement Office.

The **International Business Department** is engaged in operational support for overseas branches and the correspondent business. SHB’s overseas branches can be largely divided into three types—(1) international financial centers such as New York, London, Tokyo and Hong Kong; (2) emerging markets into which many Korean companies have advanced, including Shanghai, Tianjin and Ho Chi Minh City; and (3) the Japanese markets, including Osaka and Fukuoka, targeting Korean resident shareholders. With the gradual increase in overseas loans, this department expects to make more aggressive, full-scale inroads into these areas’ financial markets.

The department's core task for 2005 is the expansion of overseas networks and businesses to secure world-class banking competitiveness. One important mandate is the reconstruction of overseas branches prior to our scheduled integration with Chohung Bank in 2006. Therefore, the department is currently committed to reorganizing overseas branches to fit local conditions to minimize burdens from the integration. It is also focused on publicity and marketing activities targeting financial institutions overseas with an aim to reinforcing its correspondent banking functions.

The Treasury Department is in charge of fundraising in markets given the bank's overall conditions, decision and notification of internal interest rates, liquidity risk management and ALM. As for capital raising in markets, the department sought to diversify funding in the most timely and efficient manner possible, enabling the bank to maintain a lower funding cost than its competitors in 2004. In particular, it contributed to efficient ALM by expanding the issuance of structured notes by 33% from a year earlier. With regard to foreign currencies, it succeeded in issuing Singapore dollar-denominated fixed interest rate bonds and borrowing in the revolving credit facility method and the German Schuldschein method, a first among domestic banks, confirming its leadership in the domestic borrowing market. In addition, the department integrated the internal interest rates of the two banks (SHB and CHB) while advancing the internal interest rate system up one notch. As for ALM, it looks to ensure scientific and efficient ALM by utilizing a risk management system called RMS21, which enables real-time risk management.

The FX & Derivatives Department, a core profit center of the Treasury Division, consists of the Trading Desk (in charge of foreign exchange and derivatives and securities trading), Marketing Desk (finding and creating demand for derivatives products from customer contact points) and Structuring Desk (developing a variety of derivatives-linked financial instruments).

Examining market share by desk, the Trading Desk had a 6.5% market share in won/dollar and foreign exchange (FX) trading during 2004, with their revenues growing 30% over the year. Particularly, revenues on derivatives trading swelled 282% year-on-year, registering continuous growth every year.



The Marketing Desk conducted customer relationship marketing and education drives to create demand for derivatives products beginning in 2004. As a result, revenues generated from derivatives products marketing soared 130% over the year.

The Structuring Desk is committed to the development of diverse hybrid derivatives products including gold and equity-linked deposits to meet the needs of customers.

The Settlement Office functions as a “middle office” which measures, evaluates and analyzes risks mainly on FX, derivatives and securities. It also functions as a “back office” performing accounting transactions and settlements. Rapidly increasing derivatives transactions and their increasingly diversified and complicated transaction types in banking operations of late are leading to a need for more accurate and precise risk management.

Accordingly, the department aimed to revamp its role as a middle office taking charge of the Treasury Division’s risk management and effectively cope with the Financial Supervisory Service’s strengthened guidelines for derivative products. On this note, it created an advanced process structure in relation to derivatives by building a new system for international finance (Kondor+ / KTP System), which was jointly developed by the Treasury Division and the IT Division.

It also reduced foreign currency risk behind the time differences for settlements (as recommended by the Basel II accord) by introducing the Continuous Linked Settlement (CLS) system, a new settlement method among banks in the international financial markets. Further, it is faithfully performing its role as the Treasury Division’s risk management center and accounting center, improving the efficiency of foreign exchange businesses while simplifying foreign currency liquidity management.

In the mid and long-term, the Treasury Division will devote itself to securing high-caliber manpower with global expertise and cultivation of talents through various training and education programs.

Trust Service

In 2004, the Trust Services Division suffered more than any other year from a very difficult business environment. This was due mainly to shrinkage in its business following the enforcement of the “Indirect Investment Asset Management Act” and the continued low interest rate movement.

In coping with such change in the external environment, the division focused on core businesses including stable asset operations, strategic products such as pension-type trusts/special money in trust. As a consequence, we posted outstanding results relative to other banks, ranking second both in the special money in trust market and the pension-type trust market.

Of note, the banking industry’s total sales of money in trust dropped 17.6% (-KRW10,252.6 billion) YoY to KRW47,895.5 billion. However, during the same period Shinhan Bank’s sales of money in trust edged down only 4.1%, or KRW248.8 billion, YoY, to KRW5,808.4 billion.

In 2005, a comprehensive property trust system will be introduced following revisions in the Trust Business Laws along with the retirement pension system to be operated starting in December. Accordingly, we anticipate intensifying competition among financial institutions to preoccupy the market.

With this in mind, we will strive to continuously expand our market share. To this end, we will be devoted to the reinforcement of marketing toward customers and the development and diversification of working assets that meet the needs of customers so as to increase sales of our strategic products: pension-type trusts and special money in trust. In addition, we expect to attain substantial development in the trust service business by advancing initially into the retirement pension market and constructing a base to handle comprehensive property management trust.



e-Banking

Shinhan Bank started an Internet banking service in July 1999, the first in Korea. Since then, we have been a leader in e-banking, introducing Internet loans and constructing our own Internet banking system. We have always sought to maximize customer convenience in Internet banking services.

Today, our Internet banking offers full and easy access to all banking services with only a couple of clicks, from the opening and closing of deposit accounts and the payment of taxes and public fees to overseas remittances and foreign exchange transactions. In addition, we provide optimal Internet services with consultations on a real-time basis by specialists within our Internet call center.

Demonstrating our strength in e-banking, we have been singled out for a variety of professional accolades. We obtained the highest rating from Stockpia for eight consecutive quarters from 2001 till 2003 and received the 2003 Best New Financial Product award and the Ministry of Finance and Economy Award in 2004.

Our Internet banking customers continuously increased in 2004, with the number of online banking service users reaching 1.74 million at year-end, rising 0.32 million over the year. In addition to this quantitative growth, transaction volume and profitability by channel, such as Internet deposits, remittances and exchanges, also expanded significantly due to our highly loyal customers.

Of note, commission revenues from direct channels including Internet banking, CDs/ATMs and mobile banking, jumped 25% for the year to KRW50.0 billion by 2004-end.

We also launched a variety of new products and services that can be easily accessed by anyone on the Internet. We introduced Gold Banking, attracting explosive interest from domestic investors, plus the investment trust Internet service in 2004.

The EzPlus service is a customer-based banking solution we introduced in February 2002 to provide stable Internet banking services. EzPlus meets the diverse needs of customers, including securities and insurance services, and has attracted many new customers due to its ease and convenience.

We have also continuously sought to develop advanced services. In February, we launched “EzPlus V 2.0,” the first client banking service-type comprehensive online banking service in Korea. Others were “IC chip-based mobile banking service” in March, and “Shinhan EzPlus for Mac” for Macintosh users, another first in Korea.

Through the e-Moden online portal, a “Wealth Planner” was provided to customers of SFG affiliates and received great response in 2004. The Wealth Planner is a personal financial solution, integrating financial accounts and combining a wide array of services such as electronic household budget books and financial analyses. For 2005, we will continue to reinforce private asset management services, by constructing a financial shopping mall which will link the financial networks of Shinhan affiliates, preemptively meeting the distinct needs of our customers by upgrading the present electronic household books and account integration services.

In 2005, competition in e-banking should intensify further behind the move towards boundless banking, including mobile, IC cards and web TV. To actively cope with such market conditions and to continue leading in e-banking services, we will convert to a structure that enables collective management of all direct channels including mobile, call centers and CDs/ATMs with a focus on Internet banking. We aim to secure top-of-the-line competitiveness in direct channels among domestic financial institutions, while actively pushing ahead with our Internet banking services.

Information Technology

The Information Technology (IT) Division aimed to establish IT standards to provide customer-oriented advanced services and maximize joint management synergies in 2004. To this end, we focused on our three core strategies: (1) “provide information service to attain our management goals,” (2) improve competitiveness by advancing IT infrastructure and organization, and (3) construct a base for strategic IT integration in the “Dual Bank” system.

First, in order to “provide information services to attain our management goals,” the division upgraded the “Sales Assistant Program(SAP)” which offers tailor-made services to customers for smooth product sales at branches, and reinforced the “post-management system” and the “daily asset quality and risk management system” to improve asset soundness and efficient customer risk management.

In addition, we upgraded the client internet banking program, EzPlus, expanded new internet banking users and established direct channel-based marketing systems through the construction of apartment homepages. And mobile banking service was launched in 2004.

Second, the division was able to provide relatively stable financial services even on congested transaction days including national holidays by expanding the IT infrastructure. We also actively tackled virus threats through the construction of an “intrusion detection system.”

Third, to construct the “New Bank System,” an integrated system with Chohung Bank scheduled for 2006, we prepared relevant directions and schedules in the first half of 2004 via an IT upgrade consulting project. Since the second half, we have also analyzed and designed business conditions for the system installation. In addition, we are constructing an IT process automation system, IT-BPI, to establish a standardized advanced IT process for the two banks.



In 2005, we will pursue four core strategies with an aim to “secure global IT competitiveness” through the pursuit of successful IT Integration and the materialization of advanced systems.

First, the construction of an IT integration base for the successful creation of a “New Bank” means the construction of a new integrated system with Chohung Bank.

Specifically, we will pursue the construction of integrated next-generation systems which will provide core banking services such as deposits, loans and foreign exchange. Further, we will push for the integration of unit system for 40 or so major systems including Internet banking and CRM. In addition, to successfully attain the “One bank-New Bank” strategy for joint management, we will continuously support the active cooperation for task force teams, which have been organized by task.

Our second strategic task is to “efficiently support each division’s strategies by realizing customer-oriented systems.” On this note, we will materialize efficient strategy support systems for the management objectives of our business divisions, and provide differentiated customer services by reflecting the needs of each business division so that successful business strategies can be performed.

Third, we will diversify direct channel services by customer through “the improvement of competitiveness by reinforcing direct channel services: This way, we will overcome the limitations in securing customers offline to improve profitability and firmly secure our position as a leading bank in the online channel market.

Lastly, we will revamp the technologies and business capabilities of IT members, strengthening competitiveness through the “advancement of the IT organization and processes” so that realization of a stable and efficient system can be made possible. We will also construct and effectively manage advanced management systems so that the IT business processes can be systematically established and operated.

In 2005, we will pursue four core strategies with an aim to “secure global IT competitiveness” through the pursuit of successful IT Integration and the materialization of advanced systems.

Risk Management

Shinhan Bank manages all risks by focusing on credit, market, and ALM risks in order to stabilize management and maximize shareholder value.

Risk management and control starts from the Board of Directors (BOD), which sets basic guidelines, such as total risk limits for the bank. Under the BOD, the Risk Management Committee determines asset allocation and risk limits by division, and assists management in formulating basic management guidelines for all banking operations.

Following these basic policies and guidelines, the ALM Committee and the Credit Committee, both consisting of major executives and division heads, oversee market and liquidity risk and credit risks. Meanwhile, the Risk Management Team, which is independent of all business units, identifies, evaluates, and controls all risks and supports the Risk Management Committee.

RMS21 (Risk Management System 21)

Since 2001, Shinhan Bank has been pursuing its RMS21 project to further stabilize capital operations. The RMS21 is a comprehensive risk management system, which can be utilized to formulate appropriate capital and business policies, control various risks, and evaluate individual and unit performance.

The project aims to combine risk management, risk-weighted profitability evaluation and business planning, establishing a fully integrated system. Programmed to compute value-at-risk (VaR) by combining market and credit risks, the RMS21 can calculate and apply more accurate risk-adjusted performance measurements (RAPM) than any other system.

In addition, we are pursuing a policy to enable other SFG affiliates to use this system.

Credit Risk Management

Credit risk refers to the possibility of losses due to failure in the execution of liabilities by debtors or business counterparts, and is the most fundamental risk in banking operations.

The Credit Committee determines the basic policies for the management of the bank's credit risk management. Mainly consisting of loan-related business heads and Head of Credit Policy & Risk Management Department and led by the Chief Credit Officer (COO), the committee determines the approval of large loans through in-depth examination and screening in conjunction with the bank's loan policies.

Inspection of corporate loans will induce deliberate decision making through a collective decision making system. General loans are approved through agreement by relationship managers (RMs) at each branch, inspectors representing each division, or the council of inspectors according to their size and importance. Meanwhile, the Credit Committee inspects key loans. Retail loans are examined by the automated Credit Scoring System (CSS) based on objective statistics and the bank's credit policies.



Shinhan Bank's credit risk is also managed by establishing limits by nation, industry, sector, and financial institution in order to ensure a diverse portfolio of loans.

The bank automatically examines companies that are likely candidates for insolvency through a regular warning system on a weekly basis. In addition, loan inspectors and RMs are required to conduct post-loan management within a prescribed period, and the Credit Review Office closely analyzes the results to determine appropriateness and adjust credit ratings.

Following such procedures, company loans are classified into categories of 'Early Warning,' 'To Be Observed,' and 'Normal,' and are managed as such to prevent NPLs.

As for credit rating models, we have developed an integrated credit rating system with the consortium of Moody's KMV, MIS and Korea Information Service, as an initial stage of our efforts to upgrade our credit risk management system, and this has slated for operation from February 2005. The new credit evaluation system will further subdivide credits into eleven categories including non-profit corporations, SOHO and ABS, given the size of companies and the characteristics of loans.

Meanwhile, credit risk is classified into "expected loss" and "unexpected loss" to be measured and managed. Expected loss is calculated on the basis of bankruptcy and recovery ratios by credit rating in past experience. Shinhan Bank earmarks loan loss provisions based on such expected loss amounts.

Specifically in preparation for the operation of the New Basel Capital Accord, from 2006, we organized an independent task force team (TFT) in order to meet industry requirements. System construction will begin in 2005.

Market Risk Management

Market risk refers to risks generated by fluctuations in market prices, such as interest rates, share prices, exchange rates and product prices. Shinhan Bank divides and manages market risk into "price risk" and "interest rate risk."

Market risk management basically aims to manage the maximum amount of possible loss to maintain the amount at risk within certain levels. To this end, SHB allocates and operates value-at-risk limits (VaR), investment limits, position limits, transaction limits, loss limits and stop-loss selling limits from portfolios to individual desks and dealers. Monitoring adherence to these limits is the responsibility of risk management teams and limits are established or adjusted through the ALM committee when necessary.

To measure market risk, Shinhan Bank uses VaR, which is a statistical system for calculating potential losses that could occur due to market fluctuation. VaR relies on a methodology called historical simulation and yields a 99% confidence level. In addition, the bank conducts a stress test to complement risk measurement and to manage losses that can result from rapid changes in the economic environment. The bank also uses Duration Basis Point Value (BPV), Delta, Vega, and other systems for the purpose of portfolio management.

When the verification of the RMS21 is completed, the bank will then be able to analyze the risks of subordinate portfolios and hedging strategies, and strengthen its derivative risk analysis functions using Monte Carlo simulation methods.

Interest Rate Risk Management

Shinhan Bank's interest rate risk management is designed to control changes in interest income and the value of non-trading portfolios that are influenced by market interest rate changes. We measure changes in the value of non-trading portfolios through diverse methods including Duration Gap, Net Interest Income (NII) Simulation and Value at Risk Analysis, Net Present Value (NPV) Simulation, EaR Simulation, and Value at Risk Analysis on a daily basis. In addition, interest gap limits are established by the ALM Committee more than once a year, utilizing NII Simulation results. The Treasury Division manages interest rate risk within limits by mainly employing internal interest rates and derivatives.

Liquidity Risk Management

Liquidity risk refers to the potential of being unable to fulfill contractual payment obligations on time, or being forced to raise capital at higher-than-market prices, or maintaining operational funds at lower-than-market rates. Shinhan Bank basically strives to:

- Maintain liquidity risk on an appropriate level through the limit (or ratio) management;
- Properly distribute funding and fund operations by period and product to prevent their concentration at one time; and
- Establish contingency plans against unexpected shortages of available cash which could occur with sudden changes in the capital markets or monetary policies.

SHB also measures and manages liquidity risk on all transactions of assets and liabilities including derivative products on a daily basis through the ALM system. The bank also manages liquidity on a daily basis, considering estimated customer behavior, including midway cancellation and early repayment on a daily basis.





Advanced
Creative
Excellent SHINHAN

MANAGEMENT DISCUSSION & ANALYSIS

Maximizing earnings with innovative financial structures

Management's Discussion and Analysis

Key Financial Data

	in billions of Korean won		in millions of U.S. dollars*	
	2004	2003	2004	2003
Bank Account				
FOR THE YEAR				
Operating Revenues	5,917.8	4,852.0	5,669.5	4,050.8
Operating Expenses	4,881.9	4,180.6	4,677.0	3,490.2
Operating Income	1,035.9	671.4	992.4	560.5
Ordinary Income	1,201.9	685.7	1,151.5	572.5
Net Income for the Year	844.1	476.0	808.7	397.4
AT YEAR-END				
Total Assets	70,125.9	70,071.2	67,183.3	58,499.9
Total Loans	51,028.8	47,783.9	48,887.5	39,893.1
Total Securities	11,706.7	15,592.2	11,215.5	13,017.4
Total Deposits	43,690.6	45,612.6	41,857.3	38,080.3
Total Stockholders' Equity	4,125.3	3,515.4	3,952.2	2,934.9
Trust Account				
AT YEAR-END				
Total Assets	14,098.9	14,471.9	13,507.3	12,082.1
Total Loans	356.6	280.4	341.6	234.1
Total Securities	4,854.9	5,425.0	4,651.2	4,529.1
Total Money trusts	5,808.4	6,057.3	5,564.7	5,057.0
Financial Ratios				
Return on average assets	1.15	0.71		
Return on average equity	22.48	15.05		
Substandard & Below	1.39	2.20		
NPL Ratio by FSS	0.84	0.82		
Net Interest Margin	1.98	2.04		
BIS capital adequacy ratio	11.94	10.49		
(tier 1 Capital Ratio)	7.45	6.34		
(tier 2 Capital Ratio)	4.49	4.15		

Notes : Translated into US dollars at rates of KRW1,043.8/USD and KRW1,197.8/USD, respectively, the prevailing rates on December 31, 2004 and December 31, 2003.

Overview

Shinhan Bank (hereinafter referred to as “the bank”) posted an all-time high in net income for 2004. The reader should note that all figures referred to here are “year over year (YoY)” from 2003 to 2004, unless otherwise noted. Repetitive acronyms will not be used.

Net income rose impressively by 77.3% closing at KRW844.1 billion at the end of 2004. This could be attributed to: (1) An increase in interest-earning assets, and (2) An expansion in new commission revenues including sales of bancassurance, funds, (3) Reversal of provisions following the improved soundness of SK Networks, and (4) A decline in loan loss provisions through reinforced asset quality management. Following the sharp increase in net income, the bank's Return on Assets (hereinafter “ROA”) and Return on Equity (hereinafter “ROE”) also move up by 0.44%p and 7.43%p, respectively, to 1.15% and 22.48% at the end of 2004.

In 2004, asset growth of domestic banks declined significantly, primarily due to sluggish demand for funds by companies against the backdrop of the continuation of the economic slowdown. However, the bank's total loans (based



Management's Discussion and Analysis

on banking accounts) rose by 6.8% to KRW51.0 trillion. Total deposits moved down by 4.2% to KRW43.7 trillion. The lower deposit rate reflected the low interest rate environment and funds flowing into indirect investment products.

The bank continued to maintain the industry's highest asset soundness level. Loans classified as substandard and below ratio decreased by 0.81%p, to a record low of 1.39% by the end of 2004. This was attributed to the strengthened capital adequacy management, despite the adjustment of household loans and increased credit risk in the corporate sector.

Net Income Summary

in billions of Korean won

	FY2002	FY2003	FY2004	YoY
Operating Revenues	4,818.5	4,852.0	5,917.8	22.0%
Interest Income	3,318.5	3,540.0	3,576.1	1.0%
Commission Income	422.3	299.4	325.4	8.7%
Other Operating Income	1,077.7	1,012.6	2,016.3	99.1%
Operating Expenses	3,888.8	4,180.6	4,881.9	16.8%
Interest Expenses	2,104.5	2,128.9	2,079.9	-2.3%
Commission Expenses	101.4	34.5	37.0	7.2%
Other Operating Expenses	1,057.3	1,348.7	2,035.3	50.9%
(Provision for Credit Losses)	(148.3)	(438.7)	(202.0)	-54.0%
Sales and Administrative Expenses	625.6	668.6	729.7	9.1%
Operating Income	929.7	671.4	1,035.9	54.3%
Non-Operating Income	114.7	100.4	350.7	249.3%
Non-Operating Expenses	201.4	86.0	184.7	114.8%
Ordinary Income	843.0	685.7	1,201.9	75.3%
Extraordinary Gains	-	-	-	
Income Before Income Taxes Expense	843.0	685.7	1,201.9	75.3%
Income Tax expenses	247.1	209.7	357.8	70.6%
Net Income for the Year	595.9	476.0	844.1	77.3%

Operating revenues surged 22.0%, led by an expansion in commission income and a rise in revenues from the realization (marked to market) of derivative products. Interest income rose slightly by 1.0% due to a downturn in interest rates.

Operating expenses rose by 16.8%, despite decreases in interest expenses (down 2.3%), following the decline in interest rates and loan loss provisions. This was driven mainly by an increase in expenses and an increase in the volume of derivatives transactions. We note that both income and expenses rose due to the expansion in derivatives transactions and accordingly net income also increased.

Non-operating net income rose by KRW151.6 billion due primarily to an increase in gains on disposal of available-for-sale securities.

Both operating income and non-operating income showed healthy gains. The bank realized net income of KRW844.1 billion, a sharp rise of 77.3% from the year 2003.

Management's Discussion and Analysis

Net Interest Income and Margin

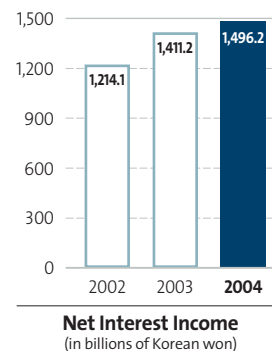
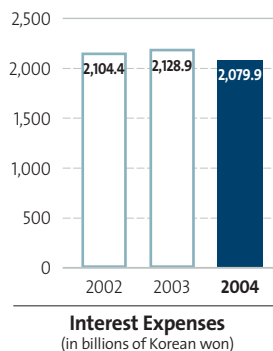
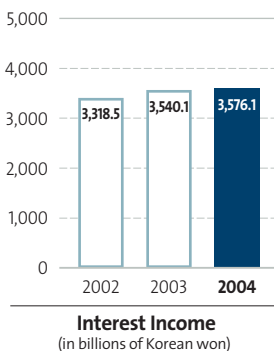
in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Interest Income					
Interest on Due from Banks	20.9	22.9	14.4	-8.5	-37.1%
Interest on Securities	868.4	822.7	659.3	-163.4	-19.9%
Interest on Loans	2,407.7	2,677.2	2,890.4	213.2	8.0%
Other	21.5	17.3	12.0	-5.3	-30.6%
Total	3,318.5	3,540.1	3,576.1	36.0	1.0%
Interest Expenses					
Interest on Deposits	1,362.4	1,325.8	1,248.7	-77.1	-5.8%
Interest on Borrowings	418.2	369.3	326.0	-43.3	-11.7%
Interest on Debentures	303.5	411.6	484.8	73.2	17.8%
Other	20.3	22.2	20.4	-1.8	-8.1%
Total	2,104.4	2,128.9	2,079.9	-49.0	-2.3%
Net Interest Income	1,214.1	1,411.2	1,496.2	85.0	6.0%

The bank's interest-earning assets expanded by 7.1%, with interest-earning loans rising by 12.3%, and interest-earning securities decreasing 11.8%. Related interest income rose marginally by 0.9%, influenced by declining interest rates. The rise in loans was led by household loans, with a focus on mortgage loans. The growth of corporate loans declined due to a decrease in the corporate demand for funds.

Interest expenses fell by 2.3%, despite an increase in interest on debentures, which followed a rise in the ratio of funding by financial bonds to total funding. This was attributable to a decline in deposits and falling interest rates.

Net interest income rose by 6.0%, while net interest margin (NIM) fell by 0.06%p to 1.98% at the end of 2004. Again, these trends reflect a declining interest rate environment combined with a decrease in the rate of return on securities.



Management's Discussion and Analysis

Net Interest Margin

in billions of Korean won

	Year 2002		Year 2003		Year 2004	
	Volume	Yield	Volume	Yield	Volume	Yield
Interest Earning Assets	49,725.0	6.83	57,957.3	5.81	62,084.3	5.43
IEA in KRW	43,533.6	7.32	48,793.7	6.44	52,130.8	5.96
Due from Banks	349.5	4.85	455.2	4.71	323.0	4.23
Securities	10,548.3	8.04	10,539.5	6.38	9,171.6	5.31
Loans	32,600.8	7.09	37,799.0	6.44	42,635.9	6.10
Loans in KRW	29,969.0	6.87	35,890.9	6.37	40,934.4	6.03
Corporates	14,862.5	6.68	18,015.5	6.18	20,462.0	6.02
Households	14,168.3	7.23	16,828.7	6.69	18,972.7	6.18
Loan Loss Reserves(i □)	494.4		621.1		591.0	
IEA in Foreign Currency	6,191.4	3.33	9,163.6	2.49	9,953.5	2.63
Due from Banks	219.7	1.81	195.3	0.75	167.3	0.47
Securities	708.7	3.22	1,008.2	2.60	1,012.0	2.45
Loans	5,263.0	3.41	7,960.1	2.52	8,774.3	2.70
Loans in FC	3,541.1	2.98	4,638.1	2.89	4,942.8	3.16
Bills Bought in FC	1,834.5	4.04	3,463.2	1.93	3,979.3	2.02
Loan Loss Reserves(i □)	112.6		141.3		147.8	
Interest Bearing Liabilities	49,414.5	4.31	58,518.2	3.74	62,810.0	3.40
IBL in KRW	43,775.5	4.65	49,449.5	4.24	53,155.1	3.83
Deposits	31,670.2	4.34	34,825.0	3.93	36,742.5	3.50
Borrowings	7,699.7	4.50	7,141.2	4.29	7,114.2	3.79
Finance Debentures	4,174.1	7.06	7,187.2	5.55	8,951.6	5.12
Others	231.5	8.58	296.0	7.41	346.9	5.81
IBS in Foreign Currency	5,639.0	1.71	9,068.7	1.01	9,654.9	1.09
Deposits	1,693.8	0.93	3,016.6	0.54	3,768.3	0.60
Borrowings	3,405.5	2.09	5,139.3	1.17	4,609.3	1.15
Finance Debentures	386.2	2.23	601.8	2.07	953.0	2.75
Others	153.5	0.51	310.9	0.84	324.3	0.93
Net Interest Spread in KRW		2.67		2.20		2.13
Net Interest Margin		2.54		2.04		1.98
(Won)		2.65		2.14		2.06
(Foreign Currency)		1.78		1.50		1.58

Non-Interest Income

in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Fees & Commissions	320.9	264.9	288.3	23.	8.8%
(Credit Card)	(123.1)	(68.9)	(38.8)	(-30.1)	-43.7%
Fees on Trust Accounts	120.3	81.9	71.8	-10.1	-12.3%
Securities-related Income	11.8	18.3	73.5	55.2	301.6%
Gain on Foreign Currency Transaction	89.5	60.2	38.4	-21.8	-36.2%
Gain Related to Derivatives	39.4	49.5	135.9	86.4	174.5%
Other Income	-72.5	-111.0	-117.9	-6.9	6.2%
Total	509.4	363.8	490.0	126.2	34.7%

Management's Discussion and Analysis

In 2004, non-interest income rose by KRW126.2 billion.

This resulted from sharp upswings in securities-related income (KRW55.2 billion) and derivatives-related gains (KRW86.4 billion) although income from the credit card business and trust account fees declined by KRW30.1 billion and KRW10.1 billion, respectively, from the previous year's figures.

Sales and administrative expenses

in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Salaries	204.7	232.2	248.1	15.9	6.8%
Retirement Allowance	48.9	53.1	23.3	-29.8	-56.1%
Other Employee Benefits	125.5	132.2	180.1	47.9	36.2%
Rent	23.4	27.8	32.7	4.9	17.6%
Entertainment	4.1	4.4	5.2	0.8	18.2%
Depreciation	62.8	72.1	69.5	-2.6	-3.6%
Taxes and Dues	26.1	24.6	27.6	3.0	12.2%
Advertising	29.7	18.1	28.3	10.2	56.4%
Other Expenses	100.3	104.1	114.8	10.7	10.3%
Total S&A Expenses	625.6	668.6	729.7	61.1	9.1%

The bank's general and administrative (G&A) expenses rose by 9.1% to KRW729.7 billion. This small rise was led by an increase in employee fringe while retirement allowances declined significantly. Consequently, the bank maintained the industry's highest efficiency in 2004, with the ratio of G&A expenses to total assets standing at 0.99% and the cost-income ratio at 36.74%.

Analysis of Summarized Assets

Total Loans

in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Loans in Won					
Retails	15,992.7	17,865.5	20,557.2	2,691.7	15.1%
Mortgage	10,751.1	11,935.5	13,655.8	1,720.3	14.4%
Others	5,241.6	5,930.0	6,901.4	971.4	16.4%
SMEs	11,876.0	15,761.8	16,897.6	1,135.8	7.2%
Large Corp.	3,754.3	2,556.4	2,805.7	249.3	9.8%
Public & Others	111.1	303.0	387.6	84.6	27.9%
Total	31,734.1	36,486.7	40,648.1	4,161.4	11.4%
Loans in FC	3,719.3	4,728.5	3,688.6	-1,039.9	-22.0%
Credit Card Accounts	180.9	0.1	0.0	-0.1	-100.0%
Bills Bought in FC	2,242.4	1,844.9	2,022.2	177.3	9.6%
Call Loans, RPs	502.9	888.9	1,137.9	249.0	28.0%
Others	2,775.0	4,707.9	4,275.5	-432.4	-9.2%
(Loan Loss Allowance)	(565.8)	(866.4)	(743.5)	-122.9	-14.2%
(Present Value Discount)	(9.8)	(6.7)	(0.0)	-6.7	-100.0%
Total	40,579.0	47,783.9	51,028.8	3,244.9	6.8%

Notes : * Banking accounts only



Management's Discussion and Analysis

At the end of 2004, loans totaled KRW51,028.8 billion, an annual increase of 6.8%. Of this total, won-currency loans increased by 11.4% and bills bought in foreign currencies rose by 9.6%. Foreign-currency loans declined by 22.0%. With the won-denominated loans, the rate of growth of loans to large corporations declined by a significant 7.9%. This was attributable to a decline in capital demand by companies affected by the economic slowdown. In contrast, household loans rose sharply by 15.1% reflecting strong demand for long-term mortgage loans.

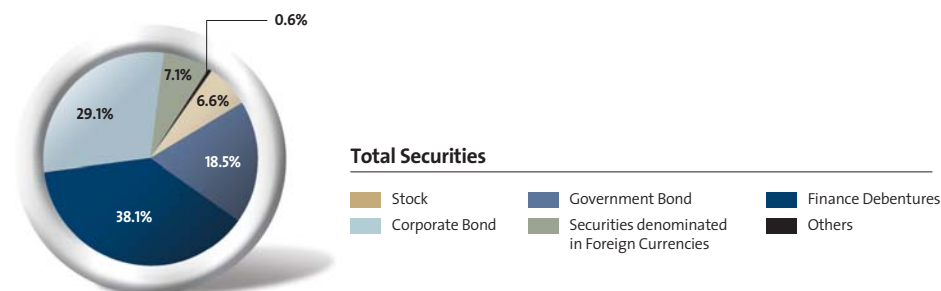
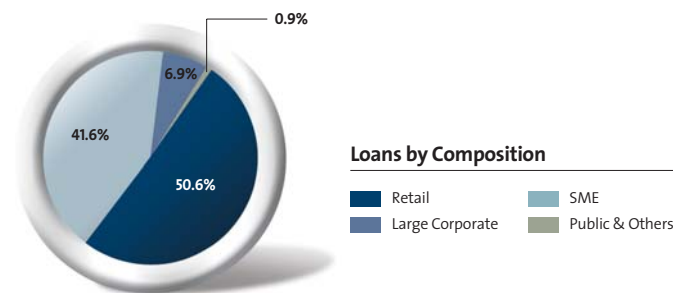
Total Securities

in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Stocks	571.0	971.7	773.7	-198.0	-20.4%
Government Bonds	1,145.0	1,987.6	2,163.7	176.1	8.9%
Finance Debentures	2,433.1	3,847.3	4,457.3	610.0	15.9%
Corporate Bonds	6,409.5	4,827.7	3,405.4	-1,422.3	-29.5%
Beneficiary Certificates	2,432.1	2,505.9	-	-2,505.9	-100.0%
Securities denominated in Foreign Currencies	787.1	1,370.3	832.9	-537.4	-39.2%
Others	77.2	81.7	73.7	-8.0	-9.8%
Total	13,855.0	15,592.2	11,706.7	-3,885.5	-24.9%

Notes : * Banking accounts only

Securities in banking accounts declined a sharp 24.9% to KRW11,706.7 billion at the end of 2004. The ratio of securities to total assets narrowed by 5.6%p to 16.7%. Specifically, government and public bonds and financial debentures increased, but beneficiary certificates were excluded reflecting their reclassification into private equity funds at the end of 2004. Over the year, the bank's holdings of stocks and corporate bonds were sharply reduced, reflecting the bank's conservative posture in asset management operations.



Management's Discussion and Analysis

Total Deposits

in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Low Cost Deposits	10,857.5	12,974.1	12,629.1	-345.0	-2.7%
Demand	1,384.4	1,434.5	1,444.7	10.2	0.7%
Low Cost Saving*	9,473.1	11,539.6	11,184.4	-355.2	-3.1%
Time Deposits	17,756.7	18,818.2	18,324.2	-494.0	-2.6%
Installment Deposits	1,761.1	1,764.6	1,719.9	-44.7	-2.5%
CDs	2,772.2	5,136.0	4,938.2	-197.8	-3.9%
RPs, Bills Sold	4,444.2	3,620.8	3,022.5	-598.3	-16.5%
Deposits in Won	37,591.7	42,313.7	40,633.9	-1,679.8	-4.0%
Deposits in FC	2,036.1	3,298.9	3,056.7	-242.2	-7.3%
Total	39,627.8	45,612.6	43,690.6	-1,922.0	-4.2%

Notes : * Banking accounts only

Deposits in banking accounts declined by 4.2% to KRW43,690.6 billion, affected by continued low interest rates and the activation of indirect investment products. Of these, won-currency deposits declined by 4.0% and foreign-currency deposits fell by 7.3%. On the other hand, the sale of beneficiary certificates increased by 117.8% to reach KRW3,071.0 billion at the close of 2004.

Asset Quality

in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Normal	42,055.8	46,916.7	50,287.7	3,371.0	7.2%
Precautionary	643.8	832.9	1,007.0	174.1	20.9%
Substandard	487.5	895.6	539.0	-356.6	-39.8%
Doubtful	57.2	54.5	39.6	-14.9	-27.3%
Estimated Loss	71.7	121.6	144.9	23.3	19.2%
Total	43,316.0	48,821.3	52,018.2	3,196.9	6.5%
Doubtful & below ratio	0.30%	0.36%	0.35%	-0.01%p	-1.7%
Substandard & below ratio	1.42%	2.20%	1.39%	-0.80%p	-36.6%
Precautionary & below ratio	2.91%	3.90%	3.33%	-0.57%p	-14.7%
Provisions	601.0	894.7	759.9	-134.8	-15.1%
Coverage Ratio against					
Doubtful & below	466.3%	508.1%	411.9%	-96.2%p	
Substandard & below	97.5%	83.5%	105.0%	21.5%p	
Precautionary & below	47.7%	47.0%	43.9%	-3.1%p	



The ratios of substandard-and-below loans and precautionary-and-below loans to total loans declined by 0.80%p and 0.57%p, respectively, to 1.39% and 3.33% at the end of 2004. The bank has earned the reputation for the best asset soundness in the banking industry through stringent risk management controls. It will continue to maintain excellent asset quality on the strength of advanced risk management systems and systematic asset management.



Management's Discussion and Analysis

Provision

in billions of Korean won

	FY2002	FY2003	FY2004	Increase	YoY
Bank Accounts					
LLR at the start of the period*	580.4	569.5	869.8	300.3	52.7%
Provisions during period	148.3	438.4	202.0	-236.4	-53.9%
Write-off	111.1	70.1	168.7	98.6	140.7%
Other adjustments	-48.1	-68.0	-157.2	-89.2	131.2%
LLR at the end of period	569.5	869.8	745.9	-123.9	-14.2%
Trust Accounts					
LLR at the start of the period	42.8	31.5	24.9	-6.6	-21.0%
Provisions during period	0.9	2.7	0.0	-2.7	-100.0%
Write-off	16.8	1.4	2.3	0.9	64.3%
Other adjustments	4.6	-7.9	-8.6	-0.7	8.9%
LLR at the end of period	31.5	24.9	14.0	-10.9	-43.8%
Total					
LLR at the start of the period	623.2	601.0	894.7	293.7	48.9%
Provisions during period	149.2	441.1	202.0	-239.1	-54.2%
Write-off	137.5	161.0	171.0	10.0	6.2%
Other adjustments	-33.9	13.6	-165.8	-179.4	N.M
LLR at the end of period	601.0	894.7	759.9	-134.8	-15.1%

*LLR : Loan Loss Reserve

Loan loss provisions for banking accounts fell by 53.9% to KRW202.0 billion. This was attributed to strengthened asset quality management and the reversal of provisions following the upgrade of SK Networks' credit ratings.

The balance of loan loss provisions decreased 14.2% to KRW745.9 billion at the end of 2004, and the coverage ratio for standard-and-below loans surged 21.5%p to 105.0%.

With trust accounts, no additional provisions were set aside during 2004 reflecting a decline in trust account assets. Thus, the balance of provisions fell by 43.8% to KRW14.0 billion.

Delinquency Ratio

in billions of Korean won

	Dec - 2002			Dec - 2003			Dec - 2004		
	Total	Overdue	Ratio	Total	Overdue	Ratio	Total	Overdue	Ratio
Overall	41,977.4	347.1	0.83%	47,552.4	521.0	1.10%	50,613.1	562.3	1.11%
Corporate*	15,796.4	179.6	1.14%	19,014.5	297.3	1.56%	20,295.1	314.3	1.55%
Consumer*	16,149.0	115.9	0.72%	18,011.4	190.7	1.06%	20,711.9	221.7	1.07%

* Based on won-currency loans (including trust accounts and advances for customers)

Shinhan Bank maintained the highest asset quality among domestic banks with its delinquency ratio standing at 1.11% at end of 2004. By sector, the delinquency ratios for corporate loans and household loans were about the same as prior year's levels, standing at 1.55% and 1.07%, respectively. Going forward, the bank will keep maintaining the industry's best asset soundness through continuous management practices.

Management's Discussion and Analysis

Capital Adequacy

in billions of Korean won

	FY2002	FY2003	FY2004	Chg in Amount	YoY
Total Capital	4,407.6	4,936.5	5,801.5	865.0	17.5%
Risk-weighted Assets	40,358.2	47,064.9	48,578.6	1,513.7	3.2%
Credit Risk-weighted Assets	40,082.1	46,247.1	48,089.8	1,842.7	4.0%
Market Risk-weighted Assets	276.1	817.8	488.8	-329.0	-40.2%
BIS Capital Adequacy Ratio	10.92%	10.49%	11.94%	1.45%p	
Tier 1 Ratio	6.81%	6.34%	7.45%	1.11%p	
Tier 2 Ratio	4.11%	4.15%	4.49%	0.34%p	

The bank's BIS capital adequacy ratio widened by 1.45%p to 11.94%, and its Tier 1 ratio also gained 1.11%p to 7.45% at the end of 2004.

Total capital rose by 17.5% due to an increase in retained earnings and the issuance of hybrid bonds.

Finally, the sharp increase in BIS capital adequacy ratio was led by a 3.2% increase in risk-weighted assets following the weakened asset growth. Of note, Tier 1 capital totaled KRW3,618.3 billion at the end of 2004 while Tier 2 capital stood at KRW2,183.3 billion.

Trust Account

in billions of Korean won

Income	FY2002	FY2003	FY2004	Chg in Amount	YoY
Fees and Commissions from T/A	120.3	81.9	71.8	-10.1	-12.3%
Subsidy for T/A	-	-	-	-	0.0%
Net Income from T/A	120.3	81.9	71.8	-10.1	-12.3%

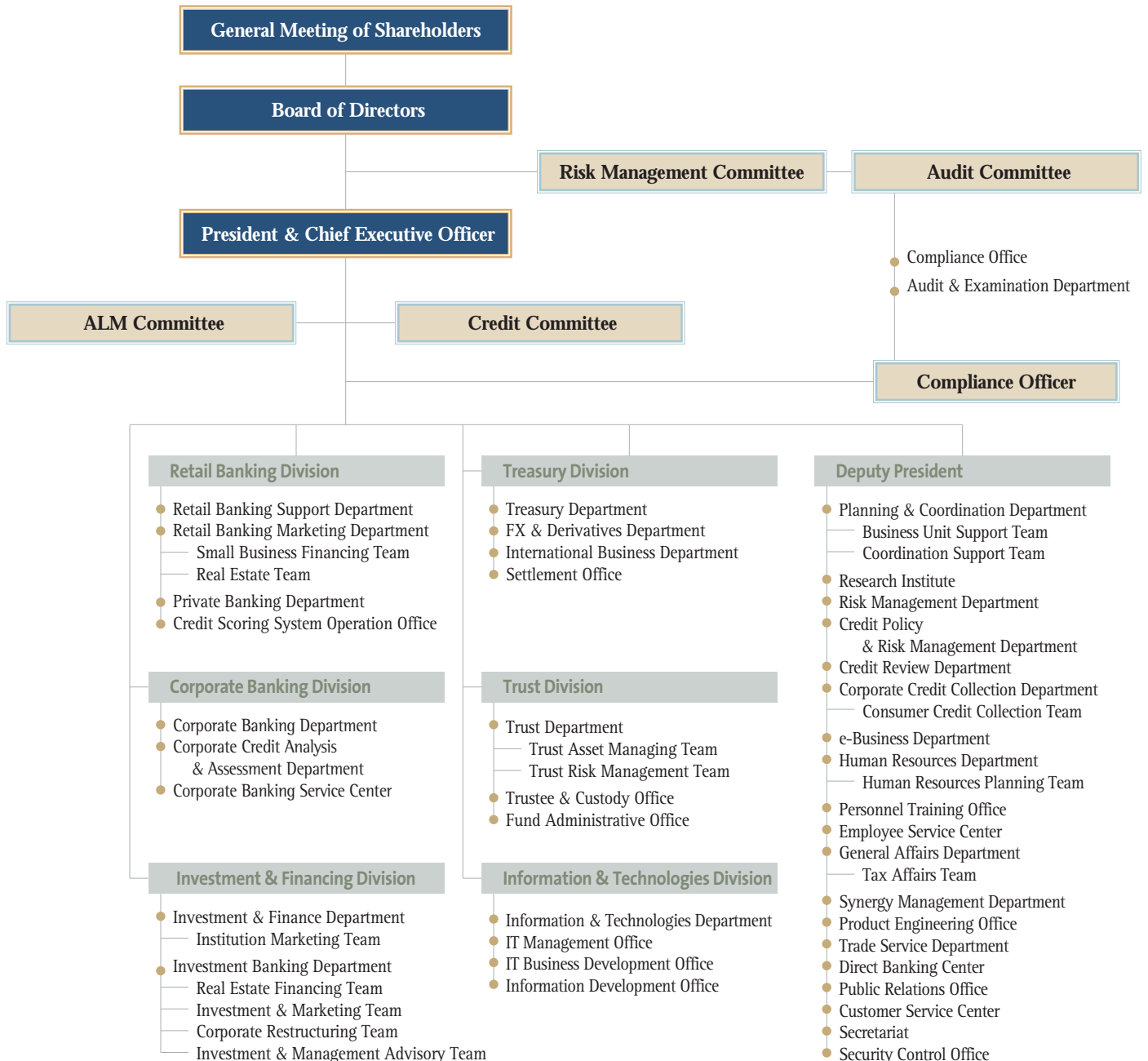
in billions of Korean won

Outstanding	FY2002	FY2003	FY2004	Chg in Amount	YoY
Total Asset	11,090.4	14,471.9	14,098.9	-373.0	-2.6%
Money in trust	6,269.0	6,057.3	5,808.4	-248.9	-4.1%
Property in trust	4,527.1	8,101.2	8,050.7	-50.5	-0.6%

Assets in the trust accounts declined by 2.6% to KRW14,098.9 billion. The decrease of KRW373.0 billion was engendered by a reduction in money trusts and a subsequent fall in related assets.



Organization Chart



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Seol, Young-Oh
General Manager



Corporate Data

Date of Establishment : June 1982

Major Shareholder : Shinhan Financial Group (100%)

- National Pension Fund 5.17%
- BNP Paribas 4.25%
- Euro-Pacific Growth Fund 3.94%
- Emerging Market Growth 3.29%
- Chohung Bank 2.81%
- Capital World Growth 2.55%
- Templeton Foreign Fund 2.38%

Business Network : Domestic: 370

- 285 Retail Banking Branches
- 82 Middle Market Banking Centers
- 3 Investment & Finance Centers

Overseas: 8

Number of Employees : 4,820 persons

Members of Shinhan Financial Group

Shinhan Financial Group

- Shinhan Bank (100%)
- Chohung Bank (100%)
- Jeju Bank (62.42%)
- Good Morning Shinhan Securities (100%)
- Shinhan Card (100%)
- Shinhan Capital (100%)
- e-Shinhan (73.67%)
- Shinhan Credit Information (100%)
- Shinhan Private Equity (100%)
- Shinhan BNP Paribas ITMC (50%)
- Shinhan Macquarie Financial Advisory (51%)
- SH&C Life Insurance (50%)

* () shows Shinhan Financial Group's holdings in its subsidiaries.

The bank you can trust





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