

# Jump up CHB

With integration into the Shinhan Financial Group, Chohung Bank has extended the range of its services and enhanced the competitiveness of its operations.

At a rejuvenated Chohung Bank, we are strengthening the loyalty of our customers and attracting a new generation of clients with our outstanding financial products and services, and our unmatched levels of customer satisfaction.

Now we are ready to leap ahead of the competition. Already, we are setting new standards in the domestic financial industry through the upgrade of every aspect of our business and the assurance of the highest quality service.

As the nation's oldest corporation, established in 1897, we have always sought to play a leading role in advancing Korea's financial industry by raising standards of professionalism and customer service. We are continuing that tradition today as we "**Jump Up**" to become a truly world-class financial services provider.

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## Highlights of 2003



- Feb. 27 Chohung Vina Bank, a Vietnamese subsidiary of CHB, celebrated its 10th anniversary.
- Mar. 19 CHB launched its "Moment of Truth" quality management system to improve customer satisfaction.
- Apr. 29 Chohung Finance Museum was designated a Cultural Inheritance by the Ministry of Culture and Tourism.
- Jun. 28 CHB issued W272.6 billion of hybrid debt.
- Jul. 8 Chohung Bank received a presidential citation from the Ministry of Health and Welfare for its support of social welfare.
- Jul. 9 KDIC signed final contract for the sale of Chohung Bank stake to Shinhan Financial Group.
- Sept. 3 CHB commenced bancassurance business.
- Sept. 5 CHB became a subsidiary of Shinhan Financial Group.
- Nov. 6 Moody's raised its credit rating for CHB to Baa1.
- Dec. 26 CHB increased its paid-in capital by W200.0 billion through the issue of 40 million shares to Shinhan Financial Group.

## Financial Data



	Millions of Korean Won		Thousands of U.S. Dollars <sup>1)</sup>
	2002	2003	2003
<b>Consolidated Basis</b>			
<b>For the Year</b>			
Total income	W 5,587,761	W 5,864,147	\$ 4,895,765
Total expenses	6,188,888	6,772,397	5,654,030
Loss before income taxes	(601,127)	(908,250)	(758,265)
Income tax expenses (benefits)	(16,569)	53,806	44,921
Net loss	(586,468)	(962,947)	(803,930)
<b>At Year-End</b>			
Loans	W 45,609,951	W 43,096,897	\$ 35,980,044
Securities	11,949,825	10,195,981	8,512,257
Total assets	67,270,429	60,601,599	50,594,088
Deposits	46,529,737	41,579,591	34,713,300
Total stockholders' equity	2,320,581	1,961,374	1,637,480
<b>Financial Ratios (%)<sup>2)</sup></b>			
Return on Assets (ROA)	(0.97)%	(1.48)%	
Return on Shareholders' Equity (ROE)	(22.31)	(46.28)	
BIS Capital Ratio	8.66	8.87	

Notes: 1) The Korean Won amounts are translated into U.S. dollars solely for the convenience of the reader at the exchange rate of W1,197.80 to US\$1.00, the prevailing rate on December 31, 2003.

2) ROA and ROE calculations are based on non-consolidated data, while the BIS capital ratio is based on consolidated data.

## Message from the President and CEO



*An eventful 2003 saw us achieve safe passage to privatization and record an 18.7 percent jump in pre-provision income.*

### • Challenging Operating Environment

The year 2003 was one of challenge and change. An inauspicious start to the year foreshadowed war in Iraq, an outbreak of SARS, and nuclear crisis in North Korea, all of which deepened political and economic uncertainty. Nevertheless, the global economy continued its gradual emergence from three years in recession. It is yet unclear, however, to what extent the recovery has benefited the Korean economy. Consumer spending remained low, while the fallout from a major accounting fraud at SK Networks, liquidity crises at credit card companies and a steep rise in consumer debt all negatively affected business confidence.

### • Privatization

Against that unfavorable background, the Bank faced a number of profound challenges, not the least of which was its privatization. Following the announcement of a plan to dispose of shares in publicly funded banks, in December 2002 the government named Shinhan Financial Group the preferred bidder in the sale of its stake in Chohung Bank. The two parties signed a final share purchase agreement on July 9, and the Bank became a subsidiary of Shinhan Financial Group on September 5, 2003, shortly after my appointment as CEO. Thanks to the efforts of senior management to bolster corporate ethos since the transition, the Bank is successfully progressing to the next phase of its evolution.

### • Results for FY2003

Despite the difficult conditions in 2003, pre-provision income for the year rose an impressive 18.7% to W1,250.4 billion compared to W1,053.2 billion a year earlier, clearly indicating that our business fundamentals remain robust. However, in common with the domestic banking industry as a whole, losses from credit card and household loans affected performance, pushing our total provision for possible loan loss to W2,159.9 billion. As a result, we recorded a net loss of W966.0 billion in fiscal 2003 and ended the year with a BIS capital adequacy ratio of 8.87%. Nevertheless, we are confident that a reinforced financial structure and a greater return from our skill base will contribute to a return to profit in 2004.



**Dong-Soo CHOI**  
President and Chief Executive Officer

- **Other Achievements in 2003**

We realized some notable achievements during 2003. Among the highlights of the year, we were honored to receive a presidential citation in recognition of our contributions to humanitarian aid and community activities. Moreover, as part of our ongoing commitment to promoting environmental protection, we sponsored our eleventh annual national photography competition.

- **The Market Outlook and Strategy for 2004**

The domestic financial market looks likely to remain unsettled in the year ahead, affected by a host of negative factors including rising consumer debt. There are also concerns that the full liberalization of market interest rates, along with fiercer competition, will have a noticeable impact on industry profitability.

- **“A New Start, A Powerful Take-off”**

With “A New Start, A Powerful Take-off” as our management goal for 2004, we intend to focus on reinforcing our financial base and profitability and enhancing management contribution through greater use of skills, responsibility, reward and accountability. To that end, we will push ahead with measures to strengthen risk management, capitalize on marketing synergy in partnership with Shinhan Financial Group affiliates, and maximize the effectiveness of our organizational structure.

## Message from the President and CEO

We are determined to play a significant role in helping Shinhan Financial Group to achieve its goal of establishing a dominant market presence. Through close cooperation with the Group ahead of our eventual merger with Shinhan Bank, we are already laying the foundation for the creation of a "New Bank," which we are confident will reap the rewards of integration and emerge as leading domestic bank.

### > [Priority on Strengthening Risk Management](#)

In order to strengthen our financial structure, we will seek to eliminate non-performing assets and tighten risk management. As an initial step, we will endeavor to reduce significantly delinquent credit card and retail loans. We will conduct thorough analyses of risk and profitability and incorporate these into our credit evaluation system.

### > [Sales Synergy](#)

Synergy is perhaps the single biggest competitive advantage that membership of Shinhan Financial Group affords us. By maximizing fee-based income in both retail and corporate business through cross selling with Group affiliates, we expect "sales synergy" to become an important source of profit. We have already made progress in the retail sector with the launch in early 2004 of our FNA (Financial Network Account), which enables customers to make banking and stock transactions through one account. We are also able to offer the convenience of over-the-counter sales of a variety of products and services including bancassurance and beneficiary certificates. In the corporate sector, we intend to offer clients a comprehensive range of services in partnership with the Group's securities and capital companies.

### > [Maximized Organizational Efficiency](#)

We are already enhancing productivity through greater organizational efficiency. In early 2004, we consolidated the competitiveness of our corporate banking business through restructuring. The creation of specialized branches for large corporate customers has enabled us to segment clients according to size and deliver services tailored to their individual needs.

In other measures to improve organizational efficiency, we are upgrading our business group systems and enhancing our employee skills base through recruitment and training. Moreover, we intend to foster an innovative corporate culture based on performance-based compensation. We are confident these steps will contribute to overcoming the challenges that we face in achieving our goals in 2004.

***In 2004, we intend to reinforce our financial structure by enhancing risk management and develop new sources of fee income in partnership with Shinhan Financial Group affiliates.***

- **Greater Value for Shareholders and Customers**

All of us at Chohung Bank stand united in our dedication to setting new standards of excellence and exceeding the expectations of customers and shareholders alike. We are striving to meet the needs of our customers for financial products and services and to provide greater value for our shareholders. In fiscal 2004, we are committed to improving profitability, meeting financial targets and realizing a marked improvement in performance.

I would like to express my sincere gratitude to our shareholders, customers and employees for their invaluable support and encouragement. I look forward to your continuing support and guidance in the year ahead.

Thank you.



**Dong-Soo CHOI**

President and Chief Executive Officer

## Chohung Bank : A Member of Shinhan Financial Group



### • Chohung Bank joins Shinhan Financial Group

On September 5, 2003, following the acquisition of the Korean government's entire stake in Chohung Bank by Shinhan Financial Group, the Bank became a subsidiary of the Shinhan Financial Group.

### • The Vision of a New Bank

In order to maximize the benefits of synergy and avoid conflicts of interest, the Shinhan Financial Group intends to merge Chohung Bank and Shinhan Bank to create an entirely new model for banks in the domestic financial industry. Until the merger, the two banks will operate independently but in close cooperation. An integration committee will be established in the latter half of 2005 to finalize details of the merger.

### • Direction in 2004

In 2004, efforts will be accelerated to establish "One Bank" based on the stable and efficient operation of the two banks. A platform will be laid for the creation of a "New Bank" that delivers high-quality products and services. As a subsidiary of the Shinhan Financial Group, the Bank will focus on the sales synergies afforded by group structure. It will expand cross-sales of products and services, establish a structure for effective cooperation, and share customers, sales channels, and infrastructures with Group affiliates.

### • CHB Privatization Process

Feb. 8, 2002	Korean government announced plan for early privatization of publicly funded banks.
Sept. 23, 2002	Korea Deposit Insurance Corp. selected a lead-manager for the sale of CHB stake.
Dec. 6, 2002	Shinhan Financial Group and Cerberus Capital submitted bidding proposals.
Dec. 26, 2002	Shinhan Financial Group was named as preferred bidder .
Feb.-Apr. 2003	Shinhan RSM International conducted due diligence of CHB.
Jun. 19, 2003	Public Funds Oversight Committee approved the sale of Chohung Bank stake to SFG.
Jul. 9, 2003	Shinhan Financial Group and KDIC signed final Stock Purchase Agreement.
Aug. 19, 2003	Shinhan Financial Group acquired CHB shares held by KDIC.
Sept. 5, 2003	CHB became a member of Shinhan Financial Group.



***As the newest member of the nation's second largest financial services group, Chohung Bank is harnessing group synergy to provide greater value for customers and shareholders.***

• **Efforts for Integration**

Several bodies have been established to oversee and manage the creation of the "New Bank". The Joint Management Committee, led by the CEOs and CFOs of Shinhan Financial Group, Chohung Bank and Shinhan Bank, is the senior decision-making body for integration of the two banks. It devises management strategy, tasks and structure. The Committee has met monthly since September 2003.

The Joint Working Group was formed to propose and implement solutions for a variety of issues related to the integration. It convenes as required. In 2004, with the goal of realizing tangible results at the earliest date, the Joint Working Group aims to put into operation 56 'One Bank' initiatives.

Team-building programs have been set up to foster cooperation and open communication. In October 2003, a summit meeting was held at Seorabeol for executives and senior managers of the two banks. In addition, "Run Together 2004" team-building events for high-level employees were held in October and December 2003. Other initiatives to create an atmosphere encouraging mutual support are also being implemented, typified by joint corporate culture sessions held for employees from both banks.



# Beyond the Present

Business Overview

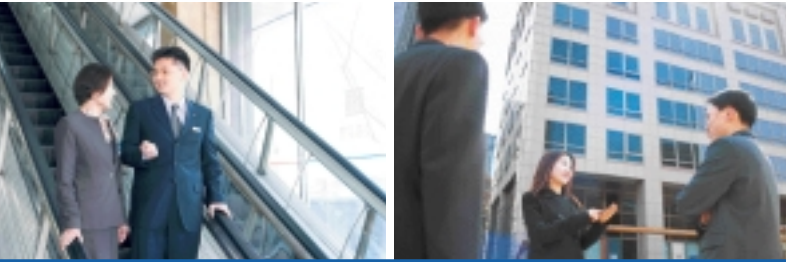
# Service & Support:

## ***Business and Performance***

In a challenging year for the domestic banking industry, Chohung Bank concentrated on strengthening asset quality and establishing a strong foundation for profitable growth.

... In retail banking, the Bank strengthened its competitiveness through the introduction of new services including bancassurance sales. Meeting the financial needs of increasingly sophisticated consumers, CHB also found success in niche markets with the development of specialized products.

## Business in 2003



*Jumping beyond the present  
Jumping beyond the limit*

### • Market Environment

The Korean economy showed signs of gradual recovery on the back of robust export growth in 2003, although domestic consumer spending remained stagnant. In the financial industry, competition among banks became increasingly fierce as the larger players vied for market dominance. The banking sector as a whole faced a deterioration of asset quality, primarily due to the economic slowdown and growing loan delinquencies in the retail sector. Adding to the woes, liquidity problems at credit card companies cast a cloud of uncertainty over the financial market.

Despite encountering some difficulties in the course of privatization, including a strike by employees, the Bank made notable progress in its efforts to strengthen the efficiency and quality of its operations. Above all, it remained dedicated to creating distinctive and differentiated products and services designed to ensure greater customer satisfaction. The Bank also worked diligently to prevent bad loans and reduce the number of delinquent accounts.

In 2004, CHB intends to increase cross-sales of investment trust and insurance products in partnership with affiliates of the Shinhan Financial Group. In addition, through the broadening of its customer database as a member of the Shinhan Financial Group, the Bank intends to develop new business portfolios.

### • Retail Banking

Due to the previously mentioned problems in the domestic economy, along with increased competition and sustained low-interest rates, 2003 was a difficult year in the retail banking sector.

In response to the challenges of heightened competition, the Bank moved to fortify its marketing capabilities. In line with this objective, the Bank introduced professional account managers (Pro-AMs) and devised a comprehensive range of consulting programs tailored to meet the specific needs of individual customers. In July 2003, the Bank implemented its innovative Economic Mapping System (EMS), a scientific marketing tool

developed by CHB based on geographic information systems technology. By analyzing data provided by the system, the Bank is able to accurately assess potential customer profitability, develop and target-market products, and set appropriate performance targets for individual branches. In addition, the Bank launched an integrated quality management system to improve customer satisfaction. The system, the first of its kind in the industry, is based on the Moment of Truth quality management system, which analyzes each contact that customers make with a business. The new system integrates quality management across all of the Bank's increasingly diversified product and service delivery channels.

#### > [Customer Base and Consumer Business](#)

Backed by its reinforced management focused on customer satisfaction, the Bank's high net-worth customers (classified by income) grew by 2.2% to 877,000 in 2003 compared to the previous year. As a result, the proportion of high-net-worth customers to overall customers rose to 9.5% from 8.6%. Meanwhile, the number of affluent customers (classified by transaction volume) was up to 171,000 compared to 157,000 a year ago, representing an increase of 8.9%.

Won-denominated loans expanded by 2.4% year on year to W15,823.2 billion in 2003. Mortgage loans accounted for W6,923.1 billion, up 2.5% from the previous year. In July 2003, the Bank introduced long-term housing loans for apartment buyers. The loans are available for up to 60% of property market value and carry a maturity of between 10 and 30 years.

#### > [Credit Card Business](#)

Credit card business in 2003 was negatively affected by rising delinquencies, particularly among multiple debtors, shrinking charge volume, and lowered credit limits imposed on card companies.

In 2003, the number of CHB credit card holders declined by 24.9% over the previous year to around 3.2 million. Total card charge volume contracted by 31.2% to W20,574.5 billion compared to W29,906.9 billion year earlier. The decrease in both the number of cardholders and volume of charges reflected the Bank's efforts to reduce customers considered a credit risk and to lower the credit ceiling for multiple debtors. The domestic economic downturn also contributed to the results. Consequently, credit card operations posted negative annual growth of 15.9% in 2003, with revenue falling to W930.9 billion.

#### > [Bancassurance Business Launched in September 2003](#)

From September 2003, Korean banks were authorized to commence sales of bancassurance products. CHB established a Bancassurance Division with the aim of becoming a leading force in the market and diversifying its sources of fee-based income. At year-end 2003, the Bank offered 42 insurance products in alliance with six life insurers and four non-life insurers. Reflecting its priority on insurance policies with high-margin commissions, CHB ranked third in terms of sales of bancassurance products.

## Business in 2003

### > [e-banking](#)

Reflecting the rapid pace of Korea's online growth, e-banking activities continued to increase. CHB currently offers 310 types of electronic banking services to retail and corporate clients. In 2003, the Bank sought to strengthen the security of its Internet banking service by improving system safeguards. For example, when customers now log on to the CHB Internet banking site, an anti-hacking program is automatically activated.

As of year-end 2003, in excess of five million customers subscribed to CHB electronic banking services. Of the total, 2.3 million customers used Internet banking services, up 16.7% from a year earlier, while 2.7 million took advantage of phone banking, up 7.4%. Meanwhile, the number of users of e-FMS, a service provided to corporate clients, rose more than threefold to 24,843 in 2003 from 6,743 in 2002.

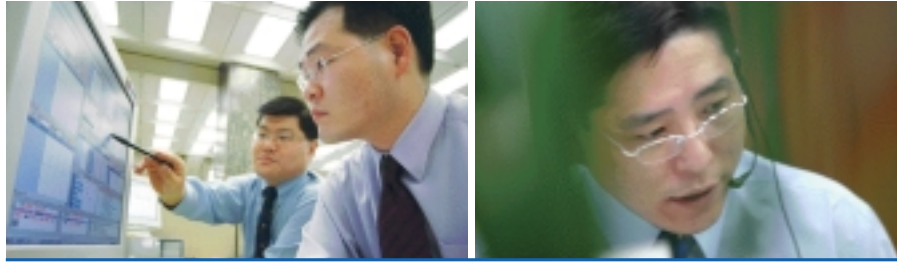
Consequently, the ratio of e-banking transactions to over-the-counter transactions continued to rise, up to 52.1% in 2003 from 41.7% in 2002 and 33.8% in 2001. This continuing channel shift from offline to online services enables the Bank to provide customers with a diverse range of quality services at competitive prices.

***The Bank continued to set the pace in e-banking, providing both retail and corporate customers with a wide choice of convenient and secure online and mobile financial services.***

### > [Strategies for 2004](#)

The financial sector is expected to continue to experience instability due to persistent consumer loan delinquencies and the absence of an early recovery in domestic consumer spending. The Bank intends to guard against market fluctuations by promoting qualitative growth with strict risk management rather than quantitative expansion. It will push ahead with improvement of its risk management and VIP customer-oriented marketing initiatives and seek to reinforce the stability of its profit base through improved asset quality and strengthened customer relationships.

Accelerating reform of the financial market will inevitably erode the boundaries between financial institutions and increase competition. Faced with growing challenges, CHB will focus on increasing fee-based income and creating new revenue sources through cross selling with members of Shinhan Financial Group and on the development of innovative products.



### • Corporate Banking

The year 2003 saw a worsening environment for corporate banking stemming from a continued business downturn and weak domestic consumption. Small and medium-sized businesses in particular, with the exception of a small minority that benefited from the recovery in export growth, suffered from sluggish demand.

The Bank concentrated on preventing deterioration of its asset quality. Initiatives undertaken included stepped-up risk management for corporate borrowers with below-average earnings and financial ratios, as well as implementation of comprehensive follow-up management. The Bank also launched a Business Plan, which identified 221 leading corporations with strong fundamentals, in order to promote its merchant banking and financial derivatives services and bolster fee based-income.

Won-denominated loans to the corporate sector rose slightly from W16,955.5 billion in 2002 to W17,018.3 billion in 2003 due to the expansion of loans to small and medium-sized enterprises (SMEs). Loans to SMEs amounted to W14,426.8 billion, up 9.2% over the previous year, while loans to large corporations fell by 30.7% to W2,591.5 billion in 2003. As a result, the proportion of loans extended to SMEs to total corporate loans rose to 84.8% in 2003 from 77.9% a year earlier.

In 2004, the Bank intends to implement risk management-oriented marketing, enhance its asset quality and post-loan management procedures, and strengthen its relationships with promising companies. It also plans to offer comprehensive services in partnership with the Group's securities and capital companies.

### • Treasury and International Business

#### > [Treasury](#)

The overall low-interest-rate environment, credit crises such as the SK Global accounting fraud, and liquidity problems at credit card companies led to upward pressure on market interest rates in 2003. Interest rate volatility was greater than in previous years due to the above-mentioned issues and fluctuations in won-dollar exchange rates.

To secure long-term stable funds, Chohung Bank uses fixed and floating rate debentures and other advanced funding methods. In overseas funding, the Bank constantly explores the feasibility of raising funds in

## Business in 2003

currencies other than U.S. dollars, such as the Japanese yen and the Euro. In addition, the Bank makes call loans and borrows call money in the short-term money market.

In 2003, the Bank's trade volume reached \$32,591 million, a year-on-year increase of 11.4%. Foreign exchange and remittance transactions dropped to \$4,405 million from \$6,482 million in the previous year. The Bank maintained its market leadership in won/dollar foreign exchange dealing, which rose to \$138.1 billion and equated to a market share of 10.6%.



*In 2003, the Bank's foreign exchange expertise saw it maintain market leadership in won-dollar dealing.*

### > [Securities Investment and Trading](#)

The Bank's strategy focused on reducing risk in its securities investment portfolio in response to interest rate fluctuations, while following a policy of flexible management in accordance with market forecasts for trading securities. The Bank sought to maximize gains through the timely trading of short-term and long-term investment securities. It also implemented measures to enhance its derivatives trading expertise, develop innovative products, and explore new revenue sources.

The Bank's debt securities portfolio consists primarily of government-related bonds, finance debentures and corporate bonds. In making securities investments, the Bank takes into account factors including macroeconomic trends, industry analysis, and credit evaluation. The Bank's total investment in securities decreased from W11,072.6 billion to W9,208.3 billion at the end of 2003. Investment in trading securities rose by 13.6% to W1,124.6 billion, while available-for-sale securities and held-to-maturity securities shrank 20.0% to W7,884.8 billion in 2003.

Competition in the capital market has become fiercer as leading foreign investment banks battle to expand their presence in Korea. CHB intends to shore up both its profitability and its market leadership by sharply expanding its trading volume and improving its short-term fund management. The Bank is determined to establish a low-cost, high-profit revenue model based on cost-effective management of liquidity and market risks.

### • **Trust Business**

The year 2003 was particularly difficult for trust business. The Bank experienced substantial withdrawals by trust account customers due to reduced rates of return, which were affected by the SK Networks accounting fraud and liquidity problems at credit card companies.

Trust products directly managed by the Bank in 2003 decreased by 23.6% from the previous year to W3,938.7 billion. Products cross-sold with investment trust companies were down 21.5%, to W1,827.5 billion. As a consequence, the share of products managed by CHB to total products sold in 2003 fell to 65.9%, while the share of other cross-sold products rose to 34.1%. During 2003, the Bank developed niche market products, such as the Little Economists' trusts, retirement fund trusts and asset-backed commercial paper, amounting to W145.7 billion.

In 2004, the Bank will focus on diversifying its trust business portfolio and training specialized managers for affluent customers in order to systemize services for high-net-worth clients. The Bank also plans to develop diversified products to strengthen its competitive edge and to reinforce risk management. This will enable it to establish a professional wealth management service, one of its targets for the year ahead.

#### • Merchant Banking

CHB, which acquired Hyundai Merchant Bank in 1999, has significant expertise in merchant banking, particularly in such areas as short-term financing on both deposit and lending sides, and investment banking, including financial services focused on niche markets where it has competitive strengths, such as ABS offerings and project financing.

The short-term financial market in 2003 remained bearish, adversely impacted by the liquidity crisis at credit card companies. Total merchant account assets in 2003 declined by 33.2% compared to a year earlier to W1,697.9 billion. Loans in merchant accounts also decreased by 32.2% from W1,882.5 billion to W1,276.8 billion whereas deposits were up 8.1% to W1,341.1 billion.

CHB put in an impressive performance in project financing as a result of aggressive marketing. In 2003, the Bank participated in 19 projects, including LBO projects, consulted on SOC financing, and negotiated and structured corporate financing. The Bank also provided comprehensive M&A services, ABS underwriting, and financial consulting. In addition, the Bank participated indirectly in the investment market for corporate restructuring companies through M&A funds and other functions.

The real estate market, meanwhile, was in a bullish mood in 2003, buoyed by the low-interest rate environment and significant investment in the construction of new apartments in major provincial cities. The Bank focused on the construction of apartment houses, as the sector carried relatively low risk. Financing for real estate development amounted to W214.1 billion, averaging between W10.0 billion and W30.0 billion per project.

In 2004, based on its expertise and experience gained in the merchant banking business, the Bank will seek new clients and develop a range of innovative financial products and services, while positioning itself to reap significant results in project financing, M&A and real estate development activities.



# Beyond the Limit



## Support & Partnership: *CHB & the Community*

With its long tradition of social contribution, Chohung Bank has become a valued partner to the communities that it serves. In 2003, the Bank continued to strengthen established relationships and forge new friendships.

... CHB employees participate in community activities that include volunteering at local welfare centers, collecting on behalf of charities, participating in environmental preservation initiatives, and competing in sporting events.

## Contribution to Society



Chohung Bank has a long tradition of supporting worthy causes. Each year, it supports a variety of social and community activities in an effort to promote interaction between the Bank and the community, and fulfill its mission as a responsible corporate citizen. Its activities include raising funds for the underprivileged, providing scholarships for disadvantaged students, volunteering in environmental conservation programs, and promoting culture and sports. In recognition of its efforts, and of its support for a campaign sponsored by the Ministry of Health and Welfare and other organizations, in July 2003 the Bank was honored with a presidential citation.

- **Social Welfare**

- > [Support for Social Welfare Agencies](#)

The generosity of CHB employees, who donate monthly fixed amounts through deductions from their salaries, has enabled the Bank to make over 1,100 individual monetary donations to numerous voluntary organizations, including the Korea Welfare Foundation and Help the Aged Korea. In addition, the Bank responds in times of crisis by collecting donations for victims of natural disasters. Funds donated by CHB and its employees are used to send gifts to soldiers serving in front-line areas and to relieve the suffering of victims of typhoons, drought and other natural disasters.

- **Education**

- > [Scholarships and Economics Classes for Children](#)

Aiming to broaden educational opportunities for young people, each year CHB offers scholarships to students at home and abroad. The scholarship program focuses on underprivileged children who head their families, students at special schools for the disabled, and children of ethnic Koreans in China, Kazakhstan and Uzbekistan. Teaching aids and research funds are also donated to educational institutes. In Korea, the Bank also sponsors a tour program for rural students, who have the opportunity to visit educational centers and sites of historical value in Seoul.

In partnership with the Maeil Business News, CHB offers special classes in economics for young children, aimed at helping them develop a sound understanding of money and gain a basic knowledge of economics and finance.

- **CHB Museum of Finance**

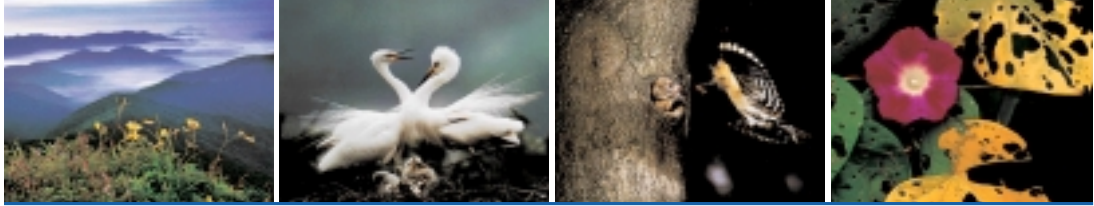
The CHB Museum of Finance was established as part of the Bank's centenary celebrations in 1997. The museum, the first in its kind in the country, showcases the history and development of finance in Korea. The museum features over 2,500 exhibits, including rare personal financial documents dating from the Joseon Dynasty. In April 2003, it was designated a national Cultural Inheritance, with its exhibits to be electronically catalogued by the Ministry of Culture and Tourism. In February 2004, an online version of the museum was launched, enabling access to Korea's financial heritage over the Internet. During the summer vacation, Chohung Bank also holds Happy School economics classes for children at the museum.

***In 2003, we were honored to receive a presidential citation for our contributions to the community.***

- **Volunteerism**

The Bank's six regional headquarters and branches are in the vanguard of voluntary services for the underprivileged. Their activities include forming partnerships with local welfare facilities, which employees visit on a regular basis to help needy children. In 2003, CHB personnel inaugurated the Happy Messenger program, which enables them to participate in voluntary activities more effectively.





- **Environmental Awareness**

Keenly aware of the importance of protecting our natural environment, CHB employees are involved in a variety of conservation activities, including tagging and caring for woodland trees. In addition, the Bank has sponsored an annual photography competition and exhibition since 1994. The exhibition, which features work from amateurs and professionals, tours the country with the aim of spreading a nature-loving campaign and raising awareness of the environment.

***We have a longstanding commitment to environmental awareness. In 2003, we organized the 11th CHB National Environmental Photography Contest.***

- **Support for Culture & Sports**

- > [CHB Gallery](#)

The CHB Gallery, opened in commemoration of the Bank's centenary in 1997, provides free exhibition space to promising young artists in line with CHB's commitment to promoting the arts and culture. The gallery also aims to provide the Korean public with greater access to paintings.

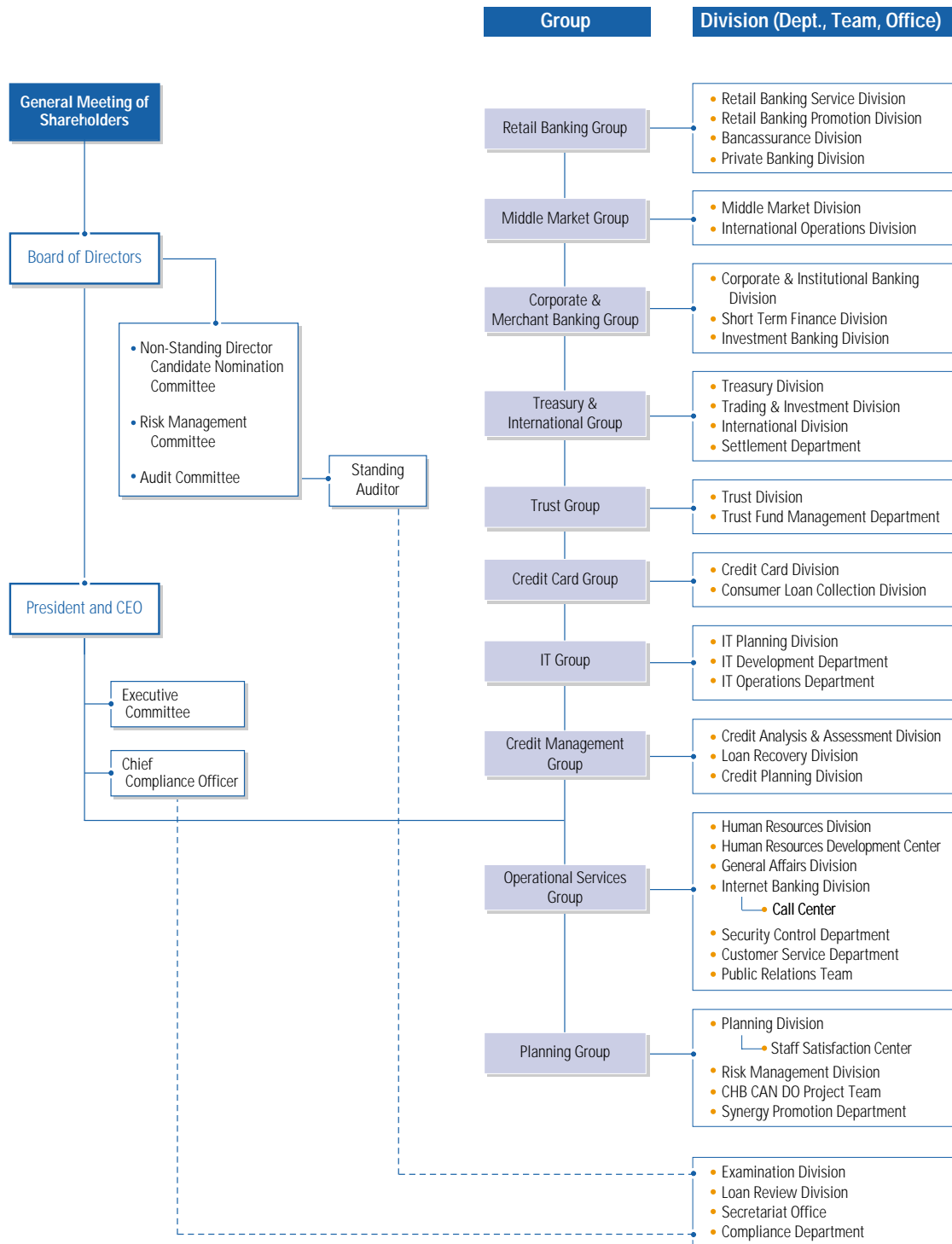
- > [Athletics Teams](#)

As a part of its effort to promote sports for all, CHB sponsors a swim team and a track and field team. In addition, with the aim of promoting teamwork and self-esteem among its employees, the Bank has sponsored and participated in the Chosun Ilbo Chunchon Marathon since 1997. The Bank also extends financial support to various other sporting events, such as soccer matches and cycling events.

# Financial Section

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# Organization Chart



## Board of Directors



### Standing Directors



• **Dong-Soo CHOI**  
Chairman of the Board  
President and  
Chief Executive Officer  
Appointed 2003



• **Ji Hong YOO**  
Standing Auditor  
Appointed 2004

### Non-Standing Directors



• **Yong Sung PARK**  
Director  
Chairman of  
Doosan Heavy Industries &  
Construction Co., Ltd.  
Appointed 2004



• **Young-Hwi CHOI**  
Director  
President and CEO of  
Shinhan Financial Group  
Appointed 2003



• **Byung Jae CHO**  
Director  
Senior Executive Vice President of  
Shinhan Financial Group  
Appointed 2004



• **Dae Sik KIM**  
Director  
Professor of  
Hanyang University  
Appointed 2004



• **Chang Seong JANG**  
Director  
Director of  
Korea Deposit Insurance  
Corporation  
Appointed 2001



# Banking Directory



## Overseas Network

### Asia

#### Tokyo Branch

8-6, Nishi-Shimbashi, 2-Chome, Minato-Ku  
Tokyo 105, Japan  
Phone : (81-3) 3595-1341/5  
Fax : (81-3) 3595-1349  
Telex : J22555 CHOBANK  
SWIFT : CHOH JP JT  
http : //www.chbtk.co.jp  
E-Mail : korea@chbtk.co.jp  
Hyeong Jin KIM, General Manager

#### Singapore Branch

50 Raffles Place #40-02/03  
Singapore Land Tower  
Singapore 048623  
Phone : (65) 6536-1144  
Fax : (65) 6533-1244  
Telex : 25049 CHOBANK  
SWIFT : CHOH SG SG  
E-Mail : chohsgem@singnet.com.sg  
Heong Min CHOI, General Manager

#### Tianjin Branch

Room 1901/6, Tianjin International Building  
75 Nanjing Road, Tianjin, China  
Phone : (86-22) 2339-4070, 4077  
Fax : (86-22) 2339-4043  
Telex : 234190 CHBTJ  
SWIFT : CHOH CN BT  
E-Mail : chbchina@chb.co.kr  
Yong-Kil KIM, General Manager

#### Mumbai Branch

42, Jolly Maker Chambers II  
4th Fl., 225, Nariman Point  
Mumbai, 400-021, India  
Phone : (91-22) 2282-2200  
Fax : (91-22) 2282-4277  
SWIFT : CHOH IN BB  
E-Mail : chbmb@vsnl.com  
Seong-Ho KUK, General Manager

#### Chohung Finance Ltd.

Suites 3507-3580, 35/F, Two Exchange Square  
8 Connaught Place, Central, Hong Kong  
Phone : (852) 2523-6143/4  
Fax : (852) 2810-1426/1928  
Telex : 63016 CHOBK HX  
SWIFT : CHOH HK HH  
E-Mail : hongkong@chb.co.kr  
Yung-Pyo JUN, Managing Director

#### Chohung Vina Bank

##### Head Office

3-5 Ho Tung Mau Street, District 1  
Ho Chi Minh City, Vietnam  
Phone : (84-8) 829-1575  
Fax : (84-8) 821-3923  
Telex : 813123 FVBANKVT  
SWIFT : FIRV VN VN  
E-Mail : hcmc.fvb@hcm.vnn.vn  
Sung-Ho NOH, General Director

#### Chohung Vina Bank

##### Hanoi Branch

2nd Fl., Dae Ha Business Center  
360 Kim Ma St., Ba Dinh Distrct  
Hanoi, Vietnam  
Phone : (84-8) 831-5205  
Fax : (84-4) 831-5134

### North America

#### New York Branch

320 Park Avenue 27th Fl., New York  
NY 10022-6815, U.S.A.  
Phone : (1-212) 935-3500  
Fax : (1-212) 355-2231/3360  
Telex : 662314/5 CHBK UW  
SWIFT : CHOH US 33  
http : //www.chbglobal.com  
Nam-Soo HEO, General Manager

#### CHB America Bank

##### Head Office &

##### Manhattan Branch

241 Fifth Avenue, New York  
NY 10016, U.S.A.  
Phone : (1-212) 679-7900  
Fax : (1-212) 447-7477  
Telex : 6730116 CHBONY  
SWIFT : CCHO US 6L  
E-Mail : chbnymain@aol.com  
Chang Eul JUN, President & CEO

#### CHB America Bank

##### Flushing Branch

136-68, Roosevelt Avenue, Flushing  
NY 11354, U.S.A.  
Phone : (1-718) 939-9595  
Fax : (1-718) 939-3229, 886-9157  
Telex : 6732491 CHBNFL  
SWIFT : CCHO US 6L  
E-Mail : chbnflu@aol.com  
Mi Hwa KANG, General Manager

#### CHB America Bank

##### Olympic Branch

3000 West Olympic Boulevard, Los Angeles  
CA 90006, U.S.A.  
Phone : (1-213) 380-8300  
Fax : (1-213) 386-7208  
Telex : 188486 CCHB  
SWIFT : CCHO US 6L  
E-Mail : cchbla@cchbla.com  
Soo-Hwan CHO, General Manager

### Europe

#### London Branch

1 Minster Court, Mincing Lane  
London EC3R 7AA, United Kingdom  
Phone : (44-20) 7623-7791  
Fax : (44-20) 7648-1421  
Telex : 8951125 CHOBNK G  
SWIFT : CHOH GB 2L  
E-Mail : mail@chohungbank.co.uk  
Jung Kee MIN, General Manager

#### Chohung Bank (Deutschland) GmbH

MesseTurm, Friedrich-Ebert-Anlage 49  
60327 Frankfurt Am Main, Germany  
Phone : (49-69) 975-7130  
Fax : (49-69) 741-0506  
Telex : 410181 CHOHFMD  
SWIFT : CHOH DE FF  
E-Mail : chb@euko.de  
Yong Jin YOON, Managing Director  
Ernst-Direter Kircher, Managing Director

## Domestic Network

**Head Office**

14, 1-ga, Namdaemun-ro  
Jung-gu, Seoul 100-757, Korea  
Mail Add. : C.P.O. Box 2997  
Seoul 100-629, Korea  
Phone : (82-2) 2010-2114  
Fax : (82-2) 3700-4971/2  
Telex : CHOBANK K23321/5  
SWIFT : CHOH KR SE  
http : //www.chb.co.kr

**• Retail Banking Group**

Hong Hee CHAE  
Deputy President  
Head of Retail Banking Group

**• Middle Market Group**

Yong-Chang HWANG  
Deputy President  
Head of Middle Market Group

**• International Operations Division**

Young Hoon HAM  
General Manager  
Phone : (82-2) 2010-2690

**• Corporate & Merchant Banking Group**

In Joon CHAEY  
Deputy President  
Head of Corporate & Merchant Banking Group

**• Treasury & International Group**

Chan-II PARK  
Deputy President  
Head of Treasury & International Group

**• International Division**

Hee Sung PARK  
General Manager  
Phone : (82-2) 3700-4246

**• Correspondent Banking**

Hern-Jeen PARK  
Deputy General Manager  
Phone : (82-2) 3700-4774

**• Trust Group**

Yong Uk O  
Deputy President  
Head of Trust Group

**• Credit Card Group**

Jeong-Woo CHANG  
Deputy President  
Head of Credit Card Group

**• IT Group**

Kwang Yub CHUNG  
Deputy President  
Head of IT Group

**• Credit Management Group**

Jae-Yoo KIM  
Deputy President  
Head of Credit Management Group

**• Operational Services Group**

Kwang Yub CHUNG  
Deputy President  
Head of Operational Services Group

**• Planning Group**

Bhang-Gil CHOI  
Deputy President  
Head of Planning Group

**• Investor Relations**

Bong Ki JANG  
Deputy General Manager  
Phone : (82-2) 2010-2581

**Busan Regional Office**

130-3, Bujon 1-dong, Busanjin-gu  
Busan 614-030, Korea  
Phone : (82-51) 816-2300  
Fax : (82-51) 819-8205  
SWIFT : CHOH KR SE 498  
Jin-Ik CHOI, Head

**Daegu Regional Office**

1317-3, Bisan 7-dong, Seo-gu  
Daegu 703-819, Korea  
Phone : (82-53) 354-2204/5  
Fax : (82-53) 354-3050  
Dong Gil CHOI, Head

**Honam Regional Office**

290, Book-dong, Book-gu  
Gwangju 500-050, Korea  
Phone : (82-62) 512-0871  
Fax : (82-62) 512-2311  
Sung Woo KIM, Head

**Chungchong Regional Office**

51-1, Won-dong, Dong-gu  
Daejeon 300-010, Korea  
Phone : (82-42) 253-5212  
Fax : (82-42) 253-5215  
Jong Soo LIM, Head

**Chungbuk Regional Office**

86-3, Young-dong, Sangdang-gu  
Chongju 360-200, Chungchongbuk-do, Korea  
Phone : (82-43) 220-7114  
Fax : (82-43) 220-7039  
Nam-Hak BAEK  
Executive Vice President

**Gangwon Regional Office**

72-3, Woonkyo-dong, Chooncheon 200-706  
Gangwon-do, Korea  
Phone : (82-33) 240-3114  
Fax : (82-33) 240-3318  
Won Suk CHOI  
Executive Vice President

# Corporate Data



As of December 31, 2003

- **Date of Establishment**

February 19, 1897

- **Head Office**

14, 1-ga, Namdaemun-ro  
Jung-gu, Seoul 100-757, Korea  
Phone : (82-2) 2010-2114  
Fax : (82-2) 3700-4971

- **Domestic Network**

557 (1,697 including automated cash lobbies)

- **Overseas Network**

6 Branches  
4 Subsidiaries

- **Number of Employees**

6,667

- **Paid-up Capital**

₩3,596 billion

- **Number of Shares of Common Stock**

Authorized : 2,000,000,000 shares  
Issued : 719,118,429 shares

- **Number of Shareholders**

68,870

- **Major Shareholders**

Shinhan Financial Group 81.15%

- **General Meeting of Shareholders**

March 25, 2004

- **Stock Listing**

Korea Stock Exchange  
London Stock Exchange (GDRs)

- **Independent Accounts**

Anjin & Co.  
A member firm of  
Deloitte Touche Tohmatsu

- **Investor Relations**

Phone : (82-2) 2010-2463, 2459  
Fax : (82-2) 3700-4923  
E-Mail : ir@chb.co.kr

[www.chb.co.kr](http://www.chb.co.kr)