

KOOKMIN BANK
Form 6-K
August 14, 2003
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This Report on Form 6-K is incorporated by reference into the prospectus included in the Registration Statement on Form F-4 of Kookmin Bank (File No. 333-106262)

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of August 2003

Kookmin Bank

(Translation of registrant's name into English)

9-1, 2-Ga, Namdaemun-Ro, Jung-Gu, Seoul, Korea 100-703

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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Summary of Semi-Annual Business Report

On August 14, 2003, Kookmin Bank filed a semi-annual business report (the Business Report) with the Financial Supervisory Commission of Korea pursuant to the Securities and Exchange Act of Korea. This is a summary of the Business Report translated into English.

All references to Kookmin Bank mean Kookmin Bank on a non-consolidated basis, and all references to we or us the Bank mean Kookmin Bank and, as the context may require, its subsidiaries. Kookmin Bank means a new entity established by a merger with former Kookmin Bank and H&CB on the merger date of October 31, 2001. Sometimes we refer it to New Kookmin Bank. On the other hand, we use the Former Kookmin Bank for the name of the former Kookmin Bank, which had been another entity before it merged H&CB.

We were formed through a merger between the Former Kookmin Bank and H&CB, which merged into a new corporation named Kookmin Bank effective November 1, 2001. Accordingly, financial information in this Business Report since the merger date reflects the impact of the merger. Under generally accepted accounting principles in Korea, the Former Kookmin Bank is deemed the accounting acquirer of H&CB in the merger, and we have accounted for the acquisition using the purchase method of accounting. However, trust accounts are not accounted by the purchase method accounting according to the Korean Financial Supervisory Service s guidelines.

Therefore, unless indicated otherwise, any comparative description or table of year 2000 or before 1) for bank accounts is based on the Former Kookmin Bank s results and 2) for trust accounts is based on simple consolidated numbers of Former Kookmin Bank s and H&CB s results.

All references to Won or W in this document are to the currency of the Republic of Korea.

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1. Introduction to the Bank

1.1. Business Purpose

The business purpose of the Bank is to engage in the following business activities:

- n The banking business as prescribed by the Bank Act; and
- n The other businesses permitted by the Bank Act or other relevant Korea laws and regulations

1.2. History

- n November 1, 2001 Incorporated and Listed on the New York Stock Exchange
- n November 9, 2001 Listed on the Korea Stock Exchange
- n September 23, 2002 Integrated two brand operations onto a single information technology platform in connection with the merger
- n December 4, 2002 Entered into a strategic alliance agreement with ING Bank N.V., which replaced the prior investment agreement with H&CB
- n May 30, 2003 Merger agreement with Kookmin Credit Card was made and merger statement was officially submitted to FSS

1.3. Capital Structure

1.3.1. Common Shares

Kookmin Bank has authority to issue a total of 1,000,000,000 shares of capital stock according to its articles of incorporation. Kookmin Bank's articles of incorporation also provide that it is authorized to issue shares of preferred stock up to one-half of all of the issued and outstanding shares of common stock. On completion of the merger between Former Kookmin Bank and H&CB, New Kookmin Bank issued 299,697,462 common shares.

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Upon the resolution of shareholders meeting held on March 22, 2002, Kookmin Bank issued additional 17,979,954 common shares in connection with stock dividend of 6 percent.

On November 25, 2002 Goldman Sachs Capital Koryo, L.P. converted all of its convertible bonds into common shares. According to this conversion, on November 30, Kookmin Bank

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issued 10,581,269 common shares and distributed them to Goldman Sachs Capital Koryo, L.P.

As of June 30, 2003, 328,258,685 shares of common stock were issued and outstanding with paid-in capital of 1,641.2 billion Won.

Regarding the contemplated merger between Kookmin Bank and Kookmin Credit Card, once the proposed merger with Kookmin Credit Card is completed (scheduled on September 30, 2003), the total paid-in capital will amount to 1,681.9 billion Won, increased by 40.6 billion Won.

1.3.2. Treasury Stock

The following table shows the purchase and disposition of our treasury stock.

(Unit: in thousands of Won unless otherwise indicated)

Date	Transaction	Number of shares	Cost	Average cost per one share
November 15, 2001	Acquisition of fractional shares in the course of the merger	41,548 shares	1,794,885	43,200 Won
December 24, 2001	Disposition due to exercise of stock option by a grantee	10,000 shares	432,003	48,900 Won
April 3, 2002	Acquisition of fractional shares due to stock dividend	36,089 shares	2,071,557	57,400 Won
May 14, 2002	Disposition pursuant to the Bank Act of Korea	31,548 shares	1,601,944	50,788 Won
July 30 ~ October 23, 2002	Acquisition pursuant to the Securities and Exchange Act of Korea	3,000,000 shares	147,632,489	49,210 Won
December 24, 2002	Disposition due to exercise of stock option by a grantee	10,000 shares	492,294	49,229 Won
January 15, 2003	Disposition due to exercise of stock option by a grantee	10,000 shares	492,294	49,229 Won
Total		Outstanding balance: 3,016,089 shares	148,480,396	

Table of Contents**1.3.3. Stock Option**

The following table is the breakdown of stock options Kookmin Bank has granted to the directors and employees. It describes grant date, position, exercise period, price and the number of options.

(As of June 30, 2003, Units: in Won, shares)

Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
31-Oct-98	Jungtae Kim	Chairman, President & CEO	01-Nov-01	31-Oct-04	5,000	400,000	330,000	70,000
27-Feb-99	Choulju Lee	Auditor & Executive Director	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Seungdong Kim	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,054	20,054	0
27-Feb-99	Youngjo Joo	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Seokil Cho	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,054	20,054	0
27-Feb-99	Hongshik Chung	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,000	20,000	0
27-Feb-99	Bonghwan Cho	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Sunjoo Kim	Executive Vice President	28-Feb-02	27-Feb-05	13,900	10,000	10,000	0
27-Feb-99	Jehyung Jo	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Hogi Baek	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,000	20,000	0
27-Feb-99	Bruce Willison	Non Executive Director	28-Feb-02	27-Feb-05	13,900	10,000	10,000	0
28-Feb-00	Jan Op de Beeck	Director & Executive Vice President	01-Mar-03	28-Feb-06	27,600	22,490	0	22,490
28-Feb-00	Sungchul Kim	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Woojung Lee	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Kukju Kwon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Sunjin Kim	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Joon Park	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Moonsoul Chung	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Juhyun Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Heungsoon Chang	Non Executive Director	01-Mar-03	28-Feb-06	27,600	2,486	0	2,486
28-Feb-00	Injoon Kang	Non Executive Director	01-Mar-03	28-Feb-06	27,600	2,486	0	2,486
28-Feb-00	Sunghee Jwa	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Seungwoo Nam	Non Executive Director	01-Mar-03	28-Feb-06	27,600	1,928	0	1,928
28-Feb-00	Woonyoul Choi	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,909	0	4,909
28-Feb-00	Kyunghee Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Sungcheon Hong	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Miro Yoon	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	3,333	0	3,333
28-Feb-00	Hakdong Shin	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Hakyeon Jeong	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	10,000	0	10,000
28-Feb-00	Jeongyeon Kim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	10,000	0	10,000
28-Feb-00	Jongwhan Byun	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	10,000	0	10,000
28-Feb-00	Samyoung Lee	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Wonki Kim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Bangyeoul Kim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	3,333	0	3,333

* Some numbers of the granted options have been adjusted due to the merger and the early retirement of the grantees

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Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
28-Feb-00	Byungman Lim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	3,333	0	3,333
24-Mar-01	Youngil Kim	Executive Vice President	25-Mar-04	24-Mar-07	25,100	30,000	0	30,000
24-Mar-01	Jongin Park	Executive Vice President	25-Mar-04	24-Mar-07	25,100	30,000	0	30,000
24-Mar-01	Wonbae Yoon	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318
24-Mar-01	Jaekyu Lee	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318
24-Mar-01	Chulsoo Ahn	Non Executive Director	25-Mar-04	24-Mar-07	25,100	1,916	0	1,916
24-Mar-01	Jaehan Kim	Head of Regional Head Office	25-Mar-04	24-Mar-07	25,100	10,000	0	10,000
24-Mar-01	Jongok Na	Head of Regional Head Office	25-Mar-04	24-Mar-07	25,100	10,000	0	10,000
24-Mar-01	Kyuhoo Lee	Head of Regional Head Office	25-Mar-04	24-Mar-07	25,100	3,275	0	3,275
18-Mar-00	Sanghoon Kim	Chairman & CEO	19-Mar-03	18-Mar-05	23,469	41,460	0	41,460
18-Mar-00	Jongmin Lee	Auditor & Executive Director	19-Mar-03	18-Mar-05	23,469	14,807	0	14,807
18-Mar-00	Sejong Oh	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Inkie Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Jihong Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	2,961	0
18-Mar-00	Jinho Hwang	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Hyungjin Chang	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Ikrae Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Bongho Paick	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Bockwoan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845
18-Mar-00	Yoohwan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845
18-Mar-00	Dukhyun Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845

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15-Mar-01	Sanghoon Kim	President Chairman & CEO	16-Mar-04	15-Mar-09	28,027	29,614	0	29,614
15-Mar-01	Jongmin Lee	Auditor & Executive Director	16-Mar-04	15-Mar-09	28,027	14,807	0	14,807
15-Mar-01	Inkie Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Hyungjin Chang	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jihong Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Bongho Paick	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Ikrae Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Seunghoon Han	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Youngseok Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Sewoong Lee	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Changki Min	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Bockwoan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Yoohwan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Dukhyun Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Yoonok Hyun	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Taigon Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Byungsang Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Byungjin Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Jihan Koo	President Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Dongsoon Park	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Hoosang Chang	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Sanghoon Lee	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jaemin Suh	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01			16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01			16-Mar-04	15-Mar-09	28,027	2,961	0	2,961

**Sunghyun
Chung** **Head of
Regional
Head Office**

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Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
15-Mar-01	Jonghwa Lee	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Sangwon Lee	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Joonsup Chang	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Dongshin Yang	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jaekyung Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Yeonkun Chung	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Youngno Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kitaek Hong	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Soondo Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Joonho Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Yangjin Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kwangdae Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sungwan Choi	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Junghaeng Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Anseok Cho	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sangcheol Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Taejoo Yoon	General Manager	16-Mar-04	15-Mar-09	28,027	10	0	10
15-Mar-01	Youngman Lee	General Manager	16-Mar-04	15-Mar-09	28,027	520	0	520
15-Mar-01	Youngsoo Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jongyoung Yoon	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jaehong Yoo	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Changhwan Bae	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sian Heo	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Seokwon Choi	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Gilho Seo	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Youngsoo Shin	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Joonbo Cho	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kiyoul Seo	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Byungdoo Ahn	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592

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15-Mar-01	Kookshin Kang	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Ingyu Choi	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Hyungyoung Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Youngrok Han	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Hyeyoung Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kihyun Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sungshin Cho	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Youngmo Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jongik Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kwangmook Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Yongseung Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sunggil Lee	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
16-Nov-01	Jungtae Kim	President & CEO	17-Nov-04	16-Nov-09	X ¹	500,000	0	500,000
16-Nov-01	Jungtae Kim	President & CEO	17-Nov-04	16-Nov-09		200,000 ²	0	200,000

1. Exercise price = 51,200 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4) / 100. The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period 207.25) / 207.25 x 100.
2. Conditional options up to 200,000: Additional shares shall be granted if the average closing price of Kookmin Bank's stock from August 17, 2004 to November 16, 2004 (or for the three months prior to his resignation, if he resigns earlier than his original tenure) is higher than the stock prices of any other bank listed on the Korea Stock Exchange. The number of options to be granted shall be based on total score, which calculated by the earned total scores of both ROE and market capitalization on November 17, 2004 (or on the date of his resignation, if he resigns earlier

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Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
16-Nov-01	Sanghoon Kim	Chairman	17-Nov-04	16-Nov-09		150,000	0	150,000
22-Mar-02	Choulju Lee	Auditor&Executive Director	23-Mar-05	22-Mar-10		30,000	0	30,000
22-Mar-02	Henry Cornell	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Keunshik Oh	Non Executive Director	23-Mar-05	22-Mar-10	Y ¹	10,000	0	10,000
22-Mar-02	Dongsoo Chung	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Jihong Kim	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Timothy Hartman	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Sunjin Kim	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Moonsoul Chung	Non Executive Director	23-Mar-05	22-Mar-10	Y	3,000	0	3,000
22-Mar-02	Kyunghee Yoon	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Jongkyoo Yoon	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bonghwan Cho	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Jaemin Suh	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bumsoo Choi	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bockwoan Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Kitaek Hong	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Sunghyun Chung	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Kisup Shin	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Sungkyu Lee	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Byungsang Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Jongyoung Yoon	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Jaehil Song	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Hyunggoo Shim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Junghaeng Lee	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Joonsup Chang	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Youngno Lee	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Dongsoo Park	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Sungbin Kim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Sungbok Park	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Yeonkun Chung	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Mahnsoo Song	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Jeongyeon Kim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
22-Mar-02	Hakyeon Jeong	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
22-Mar-02	Jongwhan Byun	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
22-Mar-02	Jaehan Kim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000

than his original tenure). The additional shares will not be exercisable if the CEO works less than 18 months or the earned total score is less than 80 points.

1. Exercise price = 57,100 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4). The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period - KOSPI Banking Industry Index as of the grant date) / KOSPI Banking Industry Index as of the grant date.

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Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
22-Mar-02	Jongok Na	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
26-Jul-02	Donald MacKenzie	Executive Vice President	27-Jul-05	26-Jul-10	58,800	30,000	0	30,000
21-Mar-03	Sungnam Lee	Auditor & Executive Director	22-Mar-06	21-Mar-11		30,000	0	30,000
21-Mar-03	Moonsoul Chung	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Sunjin Kim	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Richard Elliott Lint	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Kyunghee Yoon	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Seoungwoo Nam	Non Executive director	22-Mar-06	21-Mar-11	Y ¹	10,000	0	10,000
21-Mar-03	Sukyoung Cha	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Bernard S. Black	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Kihong Kim	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Eunjoo Park	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Cheolsoo Ahn	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Kyungbae Suh	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Sungchul Kim	Executive Vice President	22-Mar-06	21-Mar-11	35,500	30,000	0	30,000
21-Mar-03	Woojung Lee	Executive Vice President	22-Mar-06	21-Mar-11	35,500	30,000	0	30,000
21-Mar-03	Seeyoung Lee	Executive Vice President	22-Mar-06	21-Mar-11	35,000	30,000	0	30,000
21-Mar-03	Wonsuk Oh	Head of Regional Head Office	22-Mar-06	21-Mar-11	35,500	15,000	0	15,000
21-Mar-03	Sungdae Min	Head of Regional Head Office	22-Mar-06	21-Mar-11	35,500	15,000	0	15,000
21-Mar-03	Kyungjae Cheong	Head of Regional Head Office	22-Mar-06	21-Mar-11	35,500	15,000	0	15,000
21-Mar-03	Choulhee Kim	Head of Regional Head Office	22-Mar-06	21-Mar-11	35,500	15,000	0	15,000
21-Mar-03	Indo Lee	Head of Regional Head Office	22-Mar-06	21-Mar-11	35,000	15,000	0	15,000
21-Mar-03	Maengsu Yang	Head of Regional Head Office	22-Mar-06	21-Mar-11	35,500	15,000	0	15,000
Total						2,881,131	553,069	

¹ Exercise price = 35,500 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4). The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period - KOSPI Banking Industry Index as of the grant date) / KOSPI Banking Industry Index as of the grant date.

Table of Contents**1.4. Dividend**

The following table shows dividend policy and the related information for the last three years.

(Units: in millions of Won unless indicated otherwise)

	2002	2001	2000
Net income for the period	1,310,291	740,565	719,700
Earnings per share (Won)	4,123 ¹	3,706	2,403
Maximum amount available for dividend	1,192,643 ²	604,984	614,046
Total dividend amount	325,232	119,866	151,009
Dividend payout ratio (%)	24.82 ³	16.19	20.76
Cash dividend per common share (Won)	1,000	100	500
Stock dividend per common share (%)		6	
Dividend per preferred share (Won)			50
Dividend yield ratio (%)	2.38 ⁴	0.80	3.36
Net asset value per common share (Won)	30,614 ⁵	29,742	12,533
Ordinary income per common share (Won)	4,123	3,706	2,403

- Earnings per share = net income (1,310,291,195,314 Won) / weighted average number of shares (317,786,872 shares)
- Maximum amount available for dividend = retained earnings before appropriations (1,319,970 millions of Won) + transferred from prior years reserves (5,417 millions of Won) - appropriated amount pursuant to the relevant rules and regulations (132,744 millions of Won)
- Dividend payout ratio = total dividend amount for common shares (325,232,596,000 Won) / net income (1,310,291,195,314 Won).
- Dividend yield ratio = dividend per share (1,000 Won) / market closing price of December 31, 2002 (42,000 Won)
- Net asset value per common share = total shareholders' equity (10,049,396 millions of Won) / total issued shares as of December 31, 2002 (328,258,685 shares).

Table of Contents**2. Business****2.1. Business Overview**

We are the largest commercial bank in Korea in terms of assets, deposits, branch network and retail customer base. Our primary focus is branch-based lending to and deposit-taking from retail customers and small and medium-sized enterprises. The principal components of our business are general household, mortgage and small and medium-sized enterprise lending, credit card operations and investment trust account management business and capital market activities. We also make loans and provide banking services to large domestic corporate customers.

We have developed one of the most extensive domestic branch networks, with 1,216 domestic branches and sub-branches as of June 30, 2003. Our extensive branch network and retail customer base have provided us with a source of stable and low cost funding.

2.2. Market Shares**2.2.1. Market Share of Deposits in Won**

The following table shows the market share of Kookmin Bank among 9 nationwide commercial banks in terms of deposits in Won (which includes certificate of deposits) as of the dates indicated.

For the year 2002 and 2003, Seoul Bank's figures are included in Hana Bank's figures due to the merger of Hana Bank and Seoul Bank.

(Units: in 100 millions of Won, %)

	June 30, 2003		December 31, 2002		December 31, 2001	
	Amount	%	Amount	%	Amount	%
Kookmin Bank	1,264,679	31.6	1,220,260	31.7	1,140,587	33.7
Woori Bank	655,909	16.4	589,095	15.3	513,903	15.2
Hana Bank	549,788	13.7	534,570	13.9	322,652	9.5
Chohung Bank	393,625	9.8	426,902	11.1	355,967	10.5
Shinhan Bank	358,744	9.0	331,479	8.6	301,285	8.9
Korea Exchange Bank	306,485	7.6	318,792	8.3	253,284	7.5
Korea First Bank	249,262	6.2	227,993	5.9	171,800	5.1
KorAm Bank	228,827	5.7	202,233	5.2	171,834	5.1
Seoul Bank					151,458	4.5
Total	4,007,319	100.0	3,851,324	100	3,382,770	100

Table of Contents**2.2.2. Market Share of Household Loans**

The following table shows the market share of Kookmin Bank among 9 nationwide commercial banks in terms of household loans as of the dates indicated.

For the year 2002 and 2003, Seoul Bank's figures are included in Hana Bank's figures due to the merger of Hana Bank and Seoul Bank.

(Units: in 100 millions of Won, %)

	June 30, 2003		December 31, 2002		December 31, 2001	
	Amount	%	Amount	Amount	%	Amount
Kookmin Bank	776,094	40.4	743,096	41.1	601,536	47.2
Hana Bank	248,029	13.0	235,987	13.1	105,143	8.2
Woori Bank	241,601	12.6	228,530	12.6	132,501	10.4
Shinhan Bank	166,861	8.7	159,927	8.9	107,729	8.4
Chohung Bank	160,849	8.3	154,565	8.6	90,723	7.1
Korea First Bank	131,840	6.9	105,997	5.9	78,874	6.2
Korea Exchange Bank	110,148	5.7	102,062	5.6	64,053	5.0
KorAm Bank	85,276	4.4	75,759	4.2	41,807	3.3
Seoul Bank					53,156	4.2
Total	1,920,698	100.0	1,805,923	100	1,275,522	100

2.2.3. Market Share of Mortgage Loans

The following table shows the market share of Kookmin Bank among 9 nationwide commercial banks in terms of mortgage loans as of the dates indicated.

For the year 2002 and 2003, Seoul Bank's figures are included in Hana Bank's figures due to the merger of Hana Bank and Seoul Bank.

(Units: in 100 millions of Won, %)

	June 30, 2003		December 31, 2002		December 31, 2001	
	Amount	%	Amount	Amount	%	Amount

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Kookmin Bank	359,867	78.3	338,706	79.9	253,495	87.4
Hana Bank	30,143	6.5	25,014	5.9	7,552	2.6
Woori Bank	29,376	6.4	23,037	5.4	10,998	3.8
Korea Exchange Bank	15,172	3.3	15,584	3.7	8,719	3.0
KorAm Bank	8,568	1.9	8,592	2.0	2,432	0.8
Shinhan Bank	8,268	1.8	7,709	1.8	2,943	1.0
Chohung Bank	6,090	1.3	4,126	1.0	2,326	0.8
Korea First Bank	2,273	0.5	1,308	0.3	658	0.2
Seoul Bank					1,078	0.4
Total	459,757	100.0	424,076	100	290,201	100

Table of Contents**2.3. Source and Use of Funds****2.3.1. Source of Funds**

(Unit: in millions of Won)

		June 30, 2003		December 31, 2002		December 31, 2001	
		Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency	Deposits and Mutual installment	115,218,184	3.84	113,157,719	4.21	63,743,997	5.53
	Certificate of deposit	3,268,738	4.78	2,119,900	4.82	2,022,414	6.10
	Borrowings	3,424,101	3.99	4,568,873	4.45	3,784,147	4.85
	Call money	1,859,556	4.03	1,039,249	4.02	403,937	4.11
	Other	22,660,161	5.97	14,254,281	6.70	9,112,858	7.57
Subtotal		146,430,740	4.20	135,140,022	4.49	79,067,353	5.74
Foreign currency	Deposits	1,187,443	0.85	1,096,544	1.28	952,701	3.08
	Borrowings	3,489,244	1.13	2,269,774	2.45	2,018,537	5.47
	Call money	128,343	1.11	293,151	1.65	223,156	3.67
	Finance debentures issued	732,687	2.22	1,071,848	3.57	1,430,804	5.68
	Other	24,035		23,087		15,081	
Subtotal		5,561,752	1.21	4,754,404	2.67	4,640,279	5.32
Other	Total Shareholders Equity	11,294,217		14,586,550		7,463,687	
	Allowances	90,396		63,039		353,183	
	Other	9,349,108		3,717,379		4,065,899	
Subtotal		20,733,721		18,366,968		11,882,769	
Total		172,726,213	3.92	158,261,394	3.92	95,590,401	5.00

Table of Contents2.3.2. *Use of Funds*

(Unit: in millions of Won)

		June 30, 2003		December 31, 2002		December 31, 2001	
		Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency	Due from banks	191,901	1.46	1,041,865	4.62	1,339,572	5.60
	Securities	30,815,871	5.55	30,180,305	6.32	23,861,424	6.78
	Loans	119,371,550	7.25	105,188,481	7.79	53,575,082	8.87
	Advances for customers	62,625	13.00	91,583	4.35	127,704	3.84
	Call loan	154,128	4.24	736,571	4.36	1,765,067	4.80
	Private placement corporate bonds	1,245,872	8.43	1,631,524	7.32	2,065,179	10.32
	Credit card accounts	5,685,500	8.82	5,719,359	10.25	912,210	17.63
	Other	191,428		374,718		614,014	
	Allowance for credit losses ()	2,086,031		1,437,960		1,297,930	
	Subtotal		155,632,844	7.13	143,526,446	7.66	82,962,322
Foreign currency	Due from banks	514,202	1.47	253,390	1.35	121,994	3.28
	Securities	1,302,393	4.72	1,302,214	7.97	1,079,359	9.13
	Loans	2,775,614	3.03	3,216,042	3.39	3,870,853	5.66
	Call loan	92,938	1.37	188,465	1.98	185,466	4.15
	Bills bought	2,130,872	1.72	835,356	4.71	1,045,331	7.60
	Other	10,767		15,739		116,454	
	Allowance for credit losses ()	128,636		267,194		266,613	
Subtotal		6,698,150	2.88	5,544,012	4.95	6,152,844	7.11
Other	Cash	980,850		914,639		530,451	
	Fixed assets held for business	3,136,851		3,126,812		1,462,413	
	Other	6,277,518		5,149,485		4,482,371	

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Subtotal	10,395,219		9,190,936		6,475,235	
Total	172,726,213	6.54	158,261,394	7.12	95,590,401	7.83

Table of Contents**2.4. Principal Banking Activities****2.4.1. Deposits**

The following table shows the average balances of our deposits for the past three years and ending balances as of the dates indicated.

(Unit: in millions of Won)

		June 30, 2003		December 31, 2002		December 31, 2001	
		Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Deposits in Won	Demand deposits	11,820,615	13,652,113	10,654,651	12,987,742	4,832,281	10,824,005
	Time & savings deposits	95,298,954	97,619,182	93,347,999	93,630,423	53,496,908	89,080,935
	Mutual installment deposits	7,000,806	6,768,822	8,058,664	7,491,115	6,469,772	8,871,193
	Mutual installment for housing	5,035,408	5,148,609	4,463,601	4,872,637	928,398	4,128,489
	Certificates of deposits	3,268,738	3,279,148	2,119,900	3,044,089	2,022,414	1,154,056
Subtotal		122,424,521	126,467,874	118,644,815	122,026,006	67,749,773	114,058,678
Deposits in foreign currency		1,187,443	1,234,277	1,096,544	1,083,647	952,701	1,102,626
Trust deposits	Money trust	14,409,216	13,116,617	17,214,936	15,356,285	20,375,456	19,739,709
	Property trust	26,167,631	24,633,389	16,783,690	26,852,684	5,409,033	12,559,922
Subtotal		40,576,847	37,750,006	33,998,626	42,208,969	25,784,489	32,299,631
Total		164,188,811	165,452,157	153,739,985	165,318,622	94,486,963	147,460,935

2.4.2. Average Deposit per Domestic Branch

The following table shows the average balances of our deposits per domestic branch as of the dates indicated.

(Unit: in millions of Won)

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	June 30, 2003	December 31, 2002	December 31, 2001
Deposits	117,941	121,137	133,548
Deposits in Won	117,152	120,336	132,320

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Table of Contents**2.4.3. Average Deposit per Employee**

The following table shows the average balances of our deposits per employee as of the dates indicated.

(Unit: in millions of Won)

	June 30, 2003	December 31, 2002	December 31, 2001
Deposits	7,529	7,256	7,243
Deposits in Won	7,479	7,208	7,176

2.4.4. Loan Balances

The following table shows the average balances of our loans for the past three years and ending balances as of the dates indicated.

(Unit: in millions of Won)

	June 30, 2003		December 31, 2002		December 31, 2001	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Loans in Won	119,354,628	121,649,225	105,117,047	116,472,105	53,498,087	94,698,769
Loans in foreign currency	4,266,188	4,199,976	3,228,857	4,417,176	3,924,562	4,174,237
Advances to customers	71,476	86,108	106,380	52,430	244,158	199,831
Subtotal	123,692,292	125,935,309	108,452,284	120,941,711	57,666,807	99,072,837
Trust account loans	544,514	500,933	789,614	575,412	2,194,851	1,117,817
Total	124,236,806	126,436,242	109,241,898	121,517,123	59,861,658	100,190,654

2.4.5. Loan Balances as of June 30, 2003 by Remaining Maturities

(Unit: in millions of Won)

	Less than 1 year	More than 1 year-less than 3 years	More than 3 years-less than 5 years	More than 5 years	Total

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Loans in Won	58,807,965	46,141,260	5,614,930	11,085,070	121,649,225
Loans in foreign currencies	2,768,684	452,137	406,804	572,351	4,199,976

Table of Contents**2.4.6. Loan Balances by Uses**

The following table shows the banking account balances of our loans in Won by uses as of the dates indicated.

(Unit: in millions of Won)

		June 30, 2003	December 31, 2002	December 31, 2001
Loans to enterprise	Loans for operations	36,970,358	35,369,066	29,286,707
	Loans for facility	6,482,736	5,963,631	4,434,447
Loans to households		41,666,330	40,477,483	34,648,918
Loans to public sector & others	Loans for operations	529,201	738,632	730,598
	Loans for equipment	40,753	39,414	57,211
Loans on property formation savings		80,187	95,252	154,069
Loans for housing		35,858,294	33,731,435	25,342,969
Inter-bank loans		16,771	20,941	36,110
Others		4,595	36,251	7,740
Total		121,649,225	116,472,105	94,698,769

2.4.7. Loan to Deposit Ratio

The following table shows loan to deposit ratio as of indicated dates.

(Units: in millions of Won, %)

	June 30, 2003	December 31, 2002	December 31, 2001
Loans¹ (A)	119,354,626	105,117,047	53,498,087
Deposits² (B)	122,424,522	118,644,815	67,749,773

Loan to deposit ratio (A/B)	97.49	88.60	78.96
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2.4.8. *Acceptances and Guarantees*

(Unit: in millions of Won)

	<u>June 30, 2003</u>	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Determined	1,099,658	1,031,698	3,521,970
Contingent	1,306,021	1,306,878	1,369,723
Total	2,405,679	2,338,576	4,891,693

2.4.9. *Breakdown of Securities Investment*

The following table shows the average balances of our securities for the past three years and ending balances as of indicated dates.

1. Average balance of loans in each indicated date
2. Average balance of deposits in each indicated date. The balances include certificate of deposits

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(Unit: in millions of Won)

		June 30, 2003		December 31, 2002		December 31, 2001	
		Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Securities in Won (Banking account)	Monetary stabilization bonds	3,845,362	4,837,276	2,834,534	3,269,269	3,571,137	3,139,925
	Government and public bonds	5,241,972	5,328,964	4,272,946	5,252,321	4,454,446	4,592,251
	Debentures	12,484,946	12,739,151	13,154,258	12,378,717	11,410,904	14,691,304
	Stocks	1,636,435	1,191,548	2,146,149	1,661,682	1,309,134	2,154,449
	Others	7,607,157	7,300,022	7,809,012	7,162,134	3,115,803	7,547,153
Subtotal		30,815,872	31,396,961	30,216,899	29,724,123	23,861,424	32,125,082
Securities in Won (Trust account)	Monetary stabilization bonds	767,250	1,213,633	1,309,515	583,379	3,228,021	2,725,071
	Government and public bonds	1,080,164	1,061,089	2,023,503	1,323,195	2,990,549	3,059,777
	Debentures	6,684,549	5,836,911	8,035,960	7,600,794	7,635,765	7,613,829
	Stocks	847,626	766,727	904,921	924,514	672,845	890,151
	Others	3,807,119	3,438,851	3,945,649	3,821,884	4,340,103	3,913,328
Subtotal		14,102,014	13,264,404	16,779,512	15,001,019	18,985,430	18,572,571
Securities in foreign currency (Banking account)	Foreign securities	1,024,294	966,991	945,199	960,749	736,084	909,730
	Off-shore foreign securities	278,099	283,834	320,423	255,878	343,275	382,542
Subtotal		1,302,393	1,250,825	1,265,622	1,216,627	1,079,359	1,292,272
Total		46,220,279	45,912,190	48,262,033	45,941,769	43,926,213	51,989,925

2.4.10. Trust Account (money trust)

(Unit: in millions of Won)

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	June 30, 2003		December 31, 2002		December 31, 2001	
	Total amount trusted	Trust fees	Total amount trusted	Trust fees	Total amount trusted	Trust fees
Return-guaranteed trust	686	21,968	1,528	59,530	25,551	-17,147
Performance trust	40,576,161	97,233	33,997,098	241,444	25,758,938	353,890
Total	40,576,847	119,201	33,998,626	300,974	25,784,489	336,743

Table of Contents**2.4.11. Credit Card****2.4.11.1. BC Card**

(Unit: in millions of Won unless indicated otherwise)

		June 30, 2003	2002	2001
Number of card holders (Person)	Corporate	54,881	58,090	23,811
	Individual	4,303,330	4,748,427	4,017,950
Number of merchants		317,496	262,619	295,668
Profit	Sales ¹	11,220,625	27,216,500	22,272,700
	Fee revenue	464,723	1,039,710	819,399

2.4.11.2. Kookmin Card²

(Unit: in millions of Won unless indicated otherwise)

		June 30, 2003	2002	2001
Number of card holders (Person)	Corporate	152,645	153,425	105,600
	Individual	11,303,757	11,638,968	9,605,946
Number of merchants		1,580,585	1,675,176	1,569,103
Profit	Sales ¹	36,514,883	83,860,180	65,382,300
	Fee revenue ³	62,846	155,545	142,700

2.5. Property, Plants and Equipment**2.5.1. Branch Network**

As of June 30, 2003, we had 1,156 branches and 60 sub-branches in Korea, the largest number of branches among Korean commercial banks. We believe that our extensive branch network in Korea and retail customer base provide us with a source of stable and relatively low cost

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funding. Approximately 43% of our branches and sub-branches are located in Seoul.

We also have three subsidiaries in Luxemburg, Hong Kong and London and three branches in Tokyo, New York and Auckland, and 1 overseas office in Guangzhou in China

-
1. Includes credit card receivables and cash advances.
 2. Sales include credit card receivables and cash advances. This is the result of Kookmin Credit Card, our KOSDAQ-registered, majority-owned subsidiary.
 3. Kookmin Bank recognizes fee revenues under a fee agreement with Kookmin Credit Card. These amounts are the revenues Kookmin Bank received from Kookmin Credit Card pursuant to the fee agreement. Besides, Kookmin Bank also recognizes non-operating revenue in connection with consolidation of Kookmin Credit Card under equity method.

Table of Contents**2.5.2. Business Property (Land & Buildings)**

Our registered office and corporate headquarters are located at 9-1, 2-Ga, Namdaemun-Ro, Jung-Gu, Seoul, Korea. The book value of all the properties owned by us as of June 30, 2003 was 1,544,953 million Won. In addition to the properties owned by us, we also leased 1,039,818 million Won of properties for our branch space.

2.5.3. Automated Banking Machines

We have established an extensive network of automated banking machines, which are located in branches and in Autobanks (unmanned outlets). These automated banking machines consist of ATMs, cash dispensers and passbook printers. As of June 30, 2003, we had 7,731 ATMs, 1,631 cash dispensers and 784 passbook printers.

2.6. Other Details Relevant to Investment Decision**2.6.1. BIS Risk-adjusted Capital Ratios**

(Units: in millions of Won, %)

	June 30, 2003 ¹	December 31, 2002	December 31, 2001
Risk-adjusted capital (A)	13,708,236	14,439,313	11,750,856
Risk-weighted assets (B)	130,330,970	138,703,021	114,849,227
BIS ratios (A/B)	10.52	10.41	10.23

2.6.2. Non-performing Loans²

(Units: in millions of Won unless indicated otherwise)

June 30, 2003		December 31, 2002		Change	
Amount	NPL to total loans	Amount	NPL to total loans	Amount	NPL to total loans
4,159,369	3.05	2,509,073	1.90%	1,650,296	1.15%p

¹ Tentative figures

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2. Non-performing loans are defined as those loans that are past due more than 90 days or that are placed non-accrual status according to the Financial Supervisory Service's guidelines.

Table of Contents**2.6.3. Loan Loss Allowance**

The following table shows the balance of our loan loss allowances as of the dates indicated.

(Units: in millions of Won)

		June 30, 2003	December 31, 2002	December 31, 2001
Loan loss allowance	Domestic	3,262,227	2,365,898	2,255,068
	Overseas	56,126	12,798	16,111
	Total	3,318,353	2,378,696	2,271,179
Write-offs for the Period		824,754	1,527,311	1,090,029

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3. Financial Information

See 9. Exhibits / 9.1. List of Financial Statements.

Table of Contents**4. Independent Auditor****4.1. Compensation to the Independent Auditor****4.1.1. Audit Service**

Our Financial statements have been taken review from Samil Accounting Corporation, the Korean member firm of PricewaterhouseCoopers. The aggregate audit service contract amount as of the end of June 30, 2003 is 980 million Won.

4.1.2. Service Other than Audit

The following is a description of non-audit services rendered by our independent auditor for the last three years.

(Units: in millions of Won unless indicated otherwise)

Year	Service description	Amount of payment
June 30	- US GAAP conversion for 2002	US\$3,800 thousand
2003	- Due Diligence on Kookmin Credit Card	250
	- SEC Filing regarding the proposed merger with Kookmin Credit Card	US\$30 thousand
2002	- Project for improving the accounting process	690
	- Advisory service for the conversion process in US GAAP	1,450
2001	- Due diligence on the assets and liabilities in connection with the merger	2,400
	- US GAAP conversion for 2000	US\$ 2,700 thousand
	- US GAAP conversion for New York Stock Exchange listing of New Kookmin Bank	US\$ 7,480 thousand
	- Advisory service for tax in connection with the merger	300
	- US GAAP conversion	US\$ 4,950 thousand

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5. Corporate Governance and Affiliated Companies

5.1. Board of Directors

The board of directors holds regular meetings every quarter. The board of directors consists of directors and resolves each following matter:

- n matters relating to business objectives and performance evaluation;
- n matters relating to amendments of the Articles of Incorporation;
- n matters relating to budget and accounting including salaries of directors and employees;
- n matters relating to major organizational changes such as dissolution, business transfer and merger;
- n matters relating to internal control standards; or
- n other matters determined by law and the board of directors regulations.

We currently have six management committees that serve under the board:

- n the Board Steering Committee;
- n the Management Strategy Committee;
- n the Risk Management Committee;
- n the Audit Committee;
- n the Compensation Committee; and
- n the Non Executive Director Nomination Committee.

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Each committee member is appointed by the board of directors, except for members of the Audit Committee, who are elected at the general meeting of stockholders. For list of our directors, see 7. Directors, Senior Management and Employees / 7.1. Executive Directors and 7.2. Non-Executive Directors.

5.2. Audit Committee

Audit Committee oversees our financial reporting and approves the appointment of and interaction with our independent auditors, compliance officers, management personnel and other committee advisors. The committee also reviews our financial information, auditor's examinations, key financial statement issues and the administration of our financial affairs by the board of directors. In connection with the general meetings of stockholders, the committee examines the agenda for, and financial statements and other reports to be submitted by, the board of directors to each general meeting of stockholders. The committee holds regular meetings every quarter and as-needed basis.

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5.3. Voting Rights of Shareholders

Each outstanding share of our common stock is entitled to one vote per share.

If the method of written resolution at the general meeting of shareholders is adopted by resolution of the board of directors, at which the convening of the general meeting of shareholders is determined, the shareholders may exercise their voting rights in writing without participating the meeting in person. In this case, the Bank is required to send the documents and references necessary for exercise of voting rights, together with the convening notice.

If a shareholder intends to exercise his/her voting rights in writing, the shareholder is required to fill in a certain form and submit it to the Bank one day before the date set for the general meeting of shareholders.

5.4. Compensation to the Directors

For the 6 months ended June 30, 2003, the aggregate of the remuneration paid by us to 1) the Chairman, President & CEO and our other executive directors and 2) our non-executive directors was 1,916 million Won, 243 million Won, respectively. The following table shows the breakdown of the remuneration.

(Units: in millions of Won)

	The aggregate remuneration paid	Limit for the remuneration resolved by shareholders meeting	Average amount of the payment per person
Executive Directors	1,916		591
Non Executive Directors	243		24
Total	2,159	8,000	615

As part of remuneration, Kookmin Bank also granted stock options to directors.

See 1. Introduction to the Bank / 1.3. Capital Structure / 1.3.4. Stock Option.

5.5. Affiliated Companies**5.5.1. List of Affiliates**

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As of June 30, 2003, we have following affiliates.

- n KB Investment Co., Ltd.
- n Kookmin Credit Card Co., Ltd.
- n KB Investment Trust Management Co., Ltd.
- n KB Real Estate Trust Co., Ltd.
- n KB Credit Information Co., Ltd.

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- n Kookmin Data System Corporation
- n Kookmin Futures Co., Ltd.
- n ING Life Korea Ltd.
- n Kookmin Bank Luxemburg. S.A.
- n Kookmin Bank International (London) Ltd.
- n Kookmin Finance Hong Kong Ltd.

5.5.2. Operating Results of Affiliates

(Unit: in millions of Won)

Company name	Closing date	Operating results of the latest fiscal year				
		Total Assets	Total Liabilities	Total Equities	Sales	Net Income
KB Investment	December 31, 2002	99,979	26,206	73,773	18,744	33,883
Kookmin Credit Card	December 31, 2002	13,381,247	12,463,020	918,227	3,156,230	260,888
KB Investment Trust Management	March 31, 2003	65,086	17,447	47,639	31,474	13,966
KB Real Estate Trust	December 31, 2002	300,671	212,943	87,728	59,771	8,915
KB Credit Information	December 31, 2002	20,772	6,821	13,951	34,179	3,639
Kookmin Data System Corporation	December 31, 2002	18,290	4,671	13,619	43,290	2,008
Kookmin Futures	March 31, 2003	45,414	20,652	24,762	12,734	2,333
ING Life Korea	March 31, 2003	2,068,192	1,937,761	130,431	1,211,847	78,559
Kookmin Bank Luxemburg	June 30, 2003	480,131	482,420	(2,289)	7,919	(9,700)
Kookmin Bank International (London)	June 30, 2003	282,551	232,043	50,508	5,921	1,690

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Kookmin Finance Hong Kong	June 30, 2003	278,380	223,327	55,053	12,445	(6,005)
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Table of Contents**6. Equity Securities****6.1. Major Shareholders**

The following table presents information regarding the beneficial ownership of our shares as of June 17, 2003 by each person known by us to own beneficially more than 5% of our outstanding shares.

Name	Number of Shares of Common Stock	Percentage of Total Outstanding Shares of Common Stock
The Government of Korea	30,623,761	9.33%
Goldman Sachs	16,831,607	5.13%
The Bank of New York ¹	30,875,235	9.41%
Total	78,330,603	23.87%

6.2. Market Price Information for the Previous Six Months**6.2.1. Common Stock Traded in the Korea Stock Exchange**

(Unit: in Won, thousands of shares)

		January	February	March	April	May	June
Registered Common Shares	High	44,300	42,200	37,800	35,550	34,200	39,900
	Low	39,150	36,500	29,600	29,150	29,950	35,150
Trading Volume		33,990	27,413	53,312	68,520	48,294	37,642

6.2.2. American Depositary Shares Traded in the New York Stock Exchange

(Unit: in US\$, thousands of shares)

	January	February	March	April	May	June
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American Depositary Shares	High	37.87	35.38	31.59	29.13	28.79	33.73
	Low	33.08	30.50	22.90	23.23	24.71	28.70
Trading Volume		6,599	3,498	8,570	7,333	7,981	7,083

1. As depositary bank of American Depositary Shares of Kookmin Bank

Table of Contents**7. Directors, Senior Management and Employees**

As of June 30, 2003, our board of directors, which consists of 4 executive directors and 12 non-executive directors, has the ultimate responsibility for the management of our affairs.

7.1. Executive Directors

Our 4 executive directors consist of the chairman, president & CEO, auditor & executive director and one executive director seconded from ING.

The names and positions of our directors with Kookmin Bank's common stocks owned are set forth below.

Name	Date of Birth	Position	Common Stocks Owned
Sanghoon Kim	03/13/1942	Chairman	100
Jungtae Kim	08/15/1947	President & CEO	66,581
Sungnam Lee	11/11/1947	Auditor & Executive Director	
Donald H. MacKenzie	12/20/1948	Executive Director & EVP	

7.2. Non-Executive Directors

Our non-executive directors are selected based on the candidates' talents and skills in diverse areas, such as law, finance, economy, management and accounting. As of June 30, 2003, 12 non-executive directors are in office.

Our current non-executive directors with Kookmin Bank's shares owned are as follows.

Name	Date of Birth	Position	Common Stocks Owned
Moonsoul Chung	03/07/1938	Non-Executive Director	3,771
Richard Elliott Lint	01/04/1946	Non-Executive Director	200
Sunjin Kim	06/08/1942	Non-Executive Director	2,405
Dongsoo Chung	09/24/1945	Non-Executive Director	350
Seungwoo Nam	05/13/1952	Non-Executive Director	361

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Kyunghee Yoon	01/05/1947	Non-Executive Director	
Sukeyoung Cha	06/09/1953	Non-Executive Director	270
Bernard S. Black	11/13/1953	Non-Executive Director	220
Kihong Kim	01/10/1957	Non-Executive Director	310
Eunjo Park	06/03/1957	Non-Executive Director	280
Cheolsoo Ahn	01/22/1962	Non-Executive Director	270
Kyungbae Suh	01/14/1963	Non-Executive Director	270

Table of Contents**7.3. Senior Management**

In addition to the executive directors who are also our executive officers, we currently have the following 12 executive officers as of June 30, 2003:

Name	Date of Birth	Position	Common Shares Owned
Jongkyoo Yoon	10/13/1955	Executive Vice President	3,300
Sungchul Kim	09/10/1951	Executive Vice President	3,498
Jaemin Suh	08/11/1947	Executive Vice President	3,717
Buhmsoo Choi	08/08/1956	Executive Vice President	
Bockwoan Kim	11/17/1944	Executive Vice President	3,140
Youngil Kim	07/06/1953	Executive Vice President	3,327
Kitaek Hong	01/16/1948	Executive Vice President	3,931
Sunghyun Chung	08/10/1947	Executive Vice President	
Kisup Shin	10/29/1955	Executive Vice President	280
Seongkyu Lee	10/25/1959	Executive Vice President	
Seeyoung Lee	12/25/1952	Executive Vice President	2
Woojung Lee	07/11/1949	Executive Vice President	

7.4. Employees

The following table shows the breakdown of our employees as of June 30, 2003.

(Unit: in millions of Won)

	Number of Employees			Average Tenure of the full-time employees	Total Payment for the 6 Months Period	Average Monthly Payment per Person
	Full-time	Contractual	Total			
Male	13,296	1,224	14,520	15.56 years	356,006	4.1
Female	5,015	7,489	12,504	12.26 years	193,827	2.6
Total	18,311	8,713	27,024	14.66 years	549,833	3.4

7.5. Labor Union

Under Korea Financial Industry Union, we currently have two union chapters following the merger. There are 8,378 members in former Kookmin Bank chapter and 6,968 members in former H&CB chapter.

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8. Related Party Transaction

A number of banking transactions are entered into with related parties in the normal course of business. Generally, these transactions include loans, deposits, debt securities and other ordinary course activities relating to our banking business. These transactions are carried out on commercial terms and conditions and at market rates.

8.1. Transactions with the Largest Shareholders and Etc.

8.1.1. Loans to Affiliates

(Unit: in millions of Won)

Name	Relation with the Bank	Beginning Balance (January 1, 2003)	Increase	Decrease	Ending Balance (June 30, 2003)
Kookmin Credit Card	Affiliate	20,783	260,442		281,225

Table of Contents**8.1.2. Investments in Affiliates**

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Par Value	Beginning Balance (January 1, 2003)	Increase	Decrease	Ending Balance (June 30, 2003)
Kookmin Credit Card	Affiliate	Equity Securities of Affiliate	271,825	271,825			271,825
KB Real Estate Trust	Affiliate	Equity Securities of Affiliate	79,999	79,999			79,999
KB Investment	Affiliate	Equity Securities of Affiliate	31,999	44,708			44,708
KB Investment Trust Management	Affiliate	Equity Securities of Affiliate	30,670	30,670			30,670
Kookmin Futures	Affiliate	Equity Securities of Affiliate	19,996	19,996			19,996
Kookmin Data System	Affiliate	Equity Securities of Affiliate	7,998	7,998			7,998
KB Credit Information	Affiliate	Equity Securities of Affiliate	2,520	3,918			3,918
ING Life Korea	Affiliate	Equity Securities of Affiliate	14,000	14,000			14,000
Total			459,010	473,114			473,114

8.1.3. Real Estate Transactions with Affiliates

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(Unit: in millions of Won)

Name	Relation with the Bank	Type	Account	Increase	Decrease	Lease Deposits	Rent Fee
Kookmin Credit							
Card	Affiliate	Building	Rental Income		500	3,077	4.00
KB Credit Information	Affiliate	Building	Rental Income	287		3,124	11.71
KB Real Estate Trust	Affiliate	Building	Rental Income			1,782	
Kookmin Data System	Affiliate	Building	Rental Income			880	
Kookmin Futures	Affiliate	Building	Rental Income	743		1,363	
Total						9,696	16.1

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Table of Contents**8.2. Transactions with Shareholders (Other than the Largest Shareholders and Etc.), Directors and Employees.****8.2.1. Loans and Guarantees**

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Beginning Balance (January 1, 2003)	Increase	Decrease	Ending Balance (June 30, 2003)
Kihong Kim	Non executive director	Housing Loan	18			18
Pulmuone Water Co.	Related party of Non executive director, Seungwoo Nam	General Corporate Loan	2,000			2,000
		Corporate Overdraft	1,011		911	100
		Loan for Working Capital	1,800			1,800
		Loan for Purchasing		817		817
Pulmuone Co.	Related party of Non executive director, Seungwoo Nam	General Corporate Loan		4,000		4,000
		Purchase Card Loan		3,778	255	3,523
		Loan for Facility		3,300		3,300
		Facility Finance Loan		1,600		1,600
Pulmouwon Tech co.	Related party of	Note Discount		1,234		1,234

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Non
executive
director,
Seungwoo
Nam

Food Merce	Related party of Non executive director, Seungwoo Nam	Loan for Purchasing	998	998
Total			4,829	15,927
			1,166	19,590

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8.2.2. *Real Estate Transaction*

(Unit: in millions of Won)

Name	Relation with Kookmin Bank	Type	Account	Deposits	Rent Fee
LG Card	Related party of Non executive director, Kyunghye Yoon	Building	Rental Deposit	1,694	0.2
Haitai Confectionary & Foods	Related party of Non executive director, Sukyoung Cha	Building	Rental Deposit	150	
National Pension Corporation	Shareholder	Building	Rental Income	550	
Pulmuone Life Co.	Related party of Non executive director Seungwoo Nam	Building	Rental Income	10	
MetLife Securities	Related party of Executive vice president Bumsoo Choi	Building	Rental Income	1,100	
Total				3,504	0.2

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9. Exhibits

9.1. List of Financial Statements

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n Non-Consolidated Balance Sheets June 30, 2003 and December 31, 2002	F-4
n Non-Consolidated Statements of Income for the six-month period ended June 30, 2003 and 2002	F-5
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2003

Kookmin Bank

(Registrant)

By: /s/ Jong-Kyoo Yoon

(Signature)

Name: Jong-Kyoo Yoon

Title: Executive Vice President &

Chief Financial Officer

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Kookmin Bank

Interim Review Report 2003

As of June 30, 2003 and for the three-month period ended June 30, 2003 and six-month periods ended June 30, 2003 and 2002

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Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED BALANCE SHEETS****June 30, 2003 and December 31, 2002****(Unaudited See Independent Accountants Report)**

	In Millions of Korean Won	
	June 30, 2003	December 31, 2002
Assets:		
Cash and due from banks (Note 3)	(Won) 6,929,948	(Won) 4,599,356
Securities (Note 4)	32,647,787	30,940,750
Loans (Notes 5 and 6)	131,823,090	126,730,561
Fixed assets (Note 7)	2,888,315	3,092,616
Other assets (Note 8)	7,354,740	6,135,558
Total Assets	(Won) 181,643,880	(Won) 171,498,841
Liabilities and Shareholders Equity:		
Deposits (Note 9)	(Won) 127,702,151	(Won) 123,109,653
Borrowings (Note 10)	13,328,217	10,690,754
Debentures (Note 11)	17,045,248	17,539,007
Other liabilities (Note 14)	13,371,687	9,784,798
Total Liabilities	171,447,303	161,124,212
Commitments and Contingencies (Notes 15 and 17)		
Common stock, par: (Won)5,000, authorized: 1,000 million shares issued and outstanding: 328,258,685 shares (Notes 1 and 18)	1,641,293	1,641,293
Capital surplus (Note 19)	5,864,701	5,864,752
Retained earnings (Note 20)	2,374,515	2,742,335
Capital adjustments (Note 21)	316,068	126,249
Total Shareholders Equity	10,196,577	10,374,629
Total Liabilities and Shareholders Equity	(Won) 181,643,880	(Won) 171,498,841

The accompanying notes are an integral part of these non-consolidated financial statements.

Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED STATEMENTS OF OPERATIONS****For the three months and six months ended June 30, 2003 and 2002****(Unaudited See Independent Accountants Report)****In Millions of Korean Won (except per share amounts)**

	For the three months ended June 30		For the six months ended June 30	
	2003	2002	2003	2002
Interest income:				
Interest on due from banks	(Won) 1,388	(Won) 13,940	(Won) 5,167	(Won) 27,658
Interest on trading securities	27,296	22,386	51,818	49,207
Interest on available-for-sale securities	176,792	152,413	344,469	305,686
Interest on held-to-maturity securities	175,238	211,390	363,497	440,252
Interest on loans	2,413,620	2,251,525	4,791,321	4,483,188
Other interest income	26,616	36,291	49,382	57,590
	<u>2,820,950</u>	<u>2,687,945</u>	<u>5,605,654</u>	<u>5,363,581</u>
Interest expenses:				
Interest on deposits	1,079,533	1,192,855	2,183,020	2,385,791
Interest on borrowings	105,782	98,874	214,312	210,921
Interest on debentures	280,770	183,784	564,021	360,876
Other interest expenses	20,016	20,001	32,722	34,739
	<u>1,486,101</u>	<u>1,495,514</u>	<u>2,994,075</u>	<u>2,992,327</u>
Net interest income	1,334,849	1,192,431	2,611,579	2,371,254
Provision for loan losses (Note 6)	1,026,698	417,197	1,685,764	608,340
Net interest income after provision for loan losses	<u>308,151</u>	<u>775,234</u>	<u>925,815</u>	<u>1,762,914</u>
Non-interest income :				
Fees & commission income	344,963	363,669	681,829	678,232
Dividends on trading securities		822	1,514	1,052
Dividends on available-for-sale securities	2,622	17,714	5,288	18,454
Gain on foreign currency transactions	35,210	37,280	165,926	73,476
Gain on derivatives transactions (Note 16)	498,267	509,278	1,240,561	759,981
Others (Note 22)	500,401	769,771	546,430	1,043,456
	<u>(Won) 1,381,463</u>	<u>(Won) 1,698,534</u>	<u>(Won) 2,641,548</u>	<u>(Won) 2,574,651</u>

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The accompanying notes are an integral part of these non-consolidated financial statements.

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Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED STATEMENTS OF OPERATIONS****For the three months and six months ended June 30, 2003 and 2002****(Unaudited See Independent Accountants Report)**

Continued;

In Millions of Korean Won (except per share amounts)

	For the three months ended June 30		For the six months ended June 30	
	2003	2002	2003	2002
Non-interest expenses :				
Fees & commission expenses	(Won) 43,143	(Won) 89,097	(Won) 92,378	(Won) 172,183
General and administrative expenses (Note 23)	628,663	535,277	1,210,779	1,091,600
Loss on foreign currency transactions	46,213	132,446	129,016	164,381
Loss on derivatives transactions (Note 16)	465,014	469,610	1,214,154	693,280
Others (Note 22)	574,745	554,180	624,648	753,817
	<u>1,757,778</u>	<u>1,780,610</u>	<u>3,270,975</u>	<u>2,875,261</u>
Operating income (loss)	(68,164)	693,158	296,388	1,462,304
Non-operating income (expenses), net (Note 24)	(117,275)	12,653	(334,712)	198,946
Net income (loss) before income tax expense	(185,439)	705,811	(38,324)	1,661,250
Income tax expense (benefit) (Note 25)	(70,838)	213,976	2,344	497,226
Net income (loss)	<u>(Won) (114,601)</u>	<u>(Won) 491,835</u>	<u>(Won) (40,668)</u>	<u>(Won) 1,164,024</u>
Basic earnings (loss) per share (In Korean Won) (Note 26)	<u>(Won) (352)</u>	<u>(Won) 1,548</u>	<u>(Won) (125)</u>	<u>(Won) 3,665</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED STATEMENTS OF CASHFLOWS**

For the three months and six months ended June 30, 2003

(Unaudited See Independent Accountants Report)

	In Millions of Korean Won	
	Three-month period	Six-month period
Cash Flows from Operating Activities:		
Net loss	(Won) (114,601)	(Won) (40,668)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Realized gain on trading securities, net	(15,417)	(42,500)
Unrealized gain on trading securities, net	(39,005)	(56,625)
Loss (gain) on foreign currency transactions, net	11,003	(36,910)
Provision for loan losses	1,026,698	1,685,764
Provision for losses from guarantees and acceptances	122,950	122,746
Gain on derivative transactions, net	(33,253)	(26,407)
Gain on valuation of derivatives, net	(11,652)	(13,224)
Loss on fair value hedged items	6,671	8,076
Retirement benefits	22,040	45,990
Depreciation and amortization	109,440	210,912
Loss on disposal of fixed assets, net	32,188	33,553
Realized gain on available-for-sale securities, net	(46,843)	(87,798)
Impairment on available-for-sale securities, net	46,397	38,627
Realized gain on held-to-maturity securities	(475)	
Unrealized loss on investment in associates, net	91,990	349,642
Loss on sale of loans, net	420	1,633
Others, net	(6,454)	(12,796)
Changes in assets and liabilities resulting from operations		
Accrued income	(61,502)	24,382
Prepaid expenses	3,206	(29,166)
Deferred tax assets	3,771	(167,223)
Other assets	(251)	3,168
Accrued expenses	(200,965)	(174,510)
Unearned income	(8,230)	(9,163)
Withholding taxes	9,236	12,214
Other liabilities	(67,749)	275,557
Retirement benefits	(3,953)	(7,225)
Account for agency business	183,484	(10,752)
Stock compensation expense(reversal)	3,805	(2,683)
Net cash provided by operating activities	1,062,949	2,094,614

The accompanying notes are an integral part of these non-consolidated financial statements.

Continued;

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Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED STATEMENTS OF CASHFLOWS**

For the three months and six months ended June 30, 2003

(Unaudited See Independent Accountants Report)

	In Millions of Korean Won	
	Three-month period	Six-month period
Cash Flows from Investing Activities:		
Decrease (increase) in due from banks	(Won) 974,688	(Won) (699,744)
Decrease in trading securities	573,215	876,918
Decrease (increase) in available-for-sale securities	(66,010)	(4,089,009)
Decrease in held-to-maturity securities	462,681	1,492,244
Increase in loans, granted net	(3,359,993)	(6,736,889)
Proceeds from disposal of fixed assets	126,525	133,742
Acquisition of fixed assets	(114,917)	(173,845)
Acquisition of intangible assets	(70)	(340)
Proceeds from disposal of foreclosed assets	248	279
Increase in guarantee deposits	(13,989)	(21,046)
Increase in other accounts receivable	(1,742,280)	(1,692,171)
Increase in payment in advance	(13,284)	(27,683)
Decrease (increase) in derivatives assets, net	(20,065)	64,537
Collection of domestic exchange receivables	328,534	764,687
Collection of loans to trust accounts	29,869	36,748
Net cash used in investing activities	(2,834,848)	(10,071,572)

The accompanying notes are an integral part of these non-consolidated financial statements.

Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED STATEMENTS OF CASHFLOWS****For the three months and six months ended June 30, 2003****(Unaudited See Independent Accountants Report)**

Continued;

	In Millions of Korean Won	
	Three-month period	Six-month period
Cash Flows from Financing Activities:		
Increase in deposits, net	(Won) 3,281,589	(Won) 4,592,498
Increase (decrease) in borrowings, net	(415,760)	2,637,463
Decrease in debentures, net	(2,024,557)	(493,759)
Increase in borrowings from trust accounts	192,924	734,550
Decrease in dividend payable	(3)	(325,183)
Increase in other account payable	1,702,214	1,536,531
Increase in advances received from customers	483,570	1,169,615
Increase (decrease) in guarantee deposits received	2,161	(7,229)
Increase (decrease) in domestic exchange payables	239,705	(191,352)
Decrease in liabilities incurred by agency relationships	(887,284)	(50,079)
Stock options exercised		(35)
Sale of treasury stock		50
Net cash provided by financing activities	2,574,559	9,603,070
Net increase in cash and cash equivalents	802,660	1,626,112
Cash and cash equivalents, beginning of the period (Note 34)	3,924,033	3,100,581
Cash and cash equivalents, end of the period (Note 34)	(Won) 4,726,693	(Won) 4,726,693

The accompanying notes are an integral part of these non-consolidated financial statements.

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

1. The Bank:

Kookmin Bank (the Bank) was established in 1963 under the Citizens National Bank Act to provide and administer funds for financing the general public and small businesses. Pursuant to the repeal of the Citizens National Bank Act, effective January 5, 1995, the Bank has conducted its operations in accordance with the provisions of the General Banking Act.

The Bank merged with Korea Long Term Credit Bank (KLB) on December 31, 1998 and with Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., Ltd. on August 22, 1999. Also, under the decision of the Financial Supervisory Commission in accordance with the Structural Improvement of the Financial Industry Act, the Bank purchased certain assets, including loans classified as normal or precautionary, and assumed most of the liabilities of Daedong Bank as of June 29, 1998. Also, the Bank completed the legal consolidation with H&CB as of October 31, 2001 (See Note 32).

The Bank had its shares listed on the Korea Stock Exchange since September 1994. As a result of the business combination with H&CB, the former shareholders of the Bank and H&CB received new common shares of the Bank on the basis of a pre-determined ratio. The new common shares of the Bank were relisted on the Korea Stock Exchange as of November 9, 2001. As of June 30, 2003, the Bank's paid-in capital amounts to (Won)1,641,293 million and 30,875,235 shares of the Bank are listed on the New York Stock Exchange as American Depositary Shares (ADSs).

The Bank engages in the banking and trust business according to the provisions of the General Banking Act and the Trust Business Act and operates through 1,255 domestic branches and offices (including ATMs) and 3 overseas branches as of June 30, 2003.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed by the Bank in the preparation of its non-consolidated financial statements are summarized below. The Bank maintains its official accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with financial accounting standards generally accepted in the Republic of Korea. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain accounting principles applied by the Bank that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices.

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The preparation of the non-consolidated financial statements requires management to make estimates and assumptions that affect amounts reported therein. Although these estimates are based on management's best knowledge of current events and actions that the Bank may undertake in the future, actual results may be different from those estimates.

Application of the Statements of Korean Financial Accounting Standards

The Bank's non-consolidated interim financial statements were prepared in accordance with the financial accounting standards generally accepted in the Republic of Korea and Statements of Korean Financial Accounting Standards No. 2 through No. 9, in effect for the fiscal periods beginning after December 31, 2002. In addition, the interim financial statements of foreign branches are prepared in accordance with generally accepted accounting principles of the country it operates in, except for cases where the significant differences in accounting principles have a material effect on the financial statements.

The Significant accounting policies adopted by the Bank in the preparation of interim financial statements are identical to the accounting policies followed by the Bank in the preparation of its for the annual financial statements for the year ended December 31, 2002, except for the classification of securities. The statements of cash flows for the three months and six months ended June 30, 2003 are not presented pursuant to the transition provision of Statement of Korean Financial Accounting Standards No. 2.

The financial statements of prior periods, presented herein for comparative purposes, were reclassified in accordance with Korean Financial Accounting Standards applicable to the Bank as of June 30, 2003. Such reclassification does not affect either prior year net income or net assets.

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

2. Summary of Significant Accounting Policies, Continued

Recognition of Interest Income

The Bank recognizes interest income on loans and debt securities on an accrual basis. However, interest income on delinquent and dishonored loans and debt securities, other than those collateralized with security deposits or guaranteed by financial institutions, is recognized on a cash basis. Interest accrued but not recognized related to such loans and securities amounted to (Won)571,787 million and (Won)247,386 million, respectively, as of June 30, 2003.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into Korean Won at exchange rates announced by Seoul Money Brokerage Services, Ltd. (June 30, 2003, USD 1:(Won)1,193.1) at balance sheet date. The resulting exchange gains or losses are reflected in other operating income or expenses.

Allowances for Loan Losses

The Bank applies its internal credit rating system, the Forward Looking Criteria (FLC), to corporate loans in order to classify the borrowers and to determine allowances for loan losses. Effective as of January 1, 2002, the classification of corporate borrowers was changed from 10 credit risk categories (AAA, AA, A, BBB, BB, B, CCC, CC, C, D) to 12 credit risk categories (AAA, AA, A, BBB, BB, BB-, B, B-, CCC, CC, C, D). The credit risk classification under the FLC is based on a scaled valuation of financial and non-financial risks with additional consideration of the loan type, collateral and/or guarantees.

Allowances are determined by applying at minimum the following rates to the outstanding balances of each credit risk classification.:

Credit Risk Classification	Credit Ratings	Credit Ratings	Allowance
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	<u>before Changes</u>	<u>after Changes</u>	<u>Rates</u>
Normal	AAA ~ B	AAA ~ B	0.5%
Precautionary	CCC	B-, CCC	2%
Sub-standard	CC	CC	20%
Doubtful	C	C	50%
Estimated loss	D	D	100%

However, the Bank does not apply the FLC to small-sized corporate loans, consumer loans, and credit card loans. Alternatively, the bank classifies such loans by considering the current financial status including delinquent number of days, bankruptcies and collateral value. As of December 2002, the rates used for determining the allowances for losses from small-sized corporate loans, consumer loans, and credit card loans were changed as follows:

<u>Credit Risk Classification</u>	<u>Allowance Rates before Changes</u>	<u>Allowance Rates after Changes</u>		
		<u>Small-sized Corporate</u>	<u>Consumer</u>	<u>Credit Cards</u>
Normal	0.50%	0.50%	0.75%	1.00%
Precautionary	2.00%	2.00%	8.00%	12.00%
Sub-standard	20.00%	20.00%	20.00%	20.00%
Doubtful	50.00%	50.00%	55.00%	60.00%
Estimated loss	100.00%	100.00%	100.00%	100.00%

As a result of the above change, the Bank's allowances for loan losses as of June 30, 2003 are increased by (Won)309,214 million for consumer loans and (Won)144,554 million for credit card loans compared to the amounts that which would have been recorded under the previous rates.

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

2. Summary of Significant Accounting Policies, Continued;

Present Value Discounts

Troubled debt restructuring loans, which are modified as to outstanding principal, interest rate, and/or maturity under programs such as workout, court receivership, court mediation, or debt restructuring agreements of parties concerned, are carried at present value if the difference between the book value and the present value of the restructured loan is significant. When estimating the present value of the loans, the Bank applies the interest rate as of the inception of the loans, except for the interest rate of variable rate loans and extended maturity loans, which are adjusted to reflect the interest rate as of the restructuring date. The present value discounts are recorded by reclassifying allowances for loan losses and if additional allowances need to be provided for, the additional allowances are provided and recognized as provision for loan losses of the current period. These present value discounts are amortized using the effective interest method and are recognized as other interest income. Allowances for loan losses on the restructured loans are provided for based on the loan balances net of present value discounts.

The Bank recorded (Won)16,419 million of present value discounts as of June 30, 2003 on long-term deposits placed with Hansol Mutual Savings & Finance Co., Ltd. (previously, Bukook Mutual Savings & Finance Co., Ltd.), a subsidiary of the Bank sold in December 1999 (See Note 3). The receivables from the disposal of foreclosed assets that are redeemed in long-term installments are recorded in the balance sheet net of the related present value discounts.

Securities

Securities that are bought and held principally for the purpose of generating profits on short-term differences in price, and which are actively and frequently bought and sold, are classified as trading securities. Debt securities with fixed or determinable payments and fixed maturity, and which the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Investments classified as neither trading securities nor held-to-maturity securities are classified as available-for-sale securities.

Trading and available-for-sale securities are carried at fair value, except for non-marketable equity securities classified as available-for-sale securities, which are carried at cost. The fair value of debt securities, which do not have a quoted market value, are calculated using the present value of future cash flows, discounted at the reasonable interest rate determined based on the credit ratings provided by independent credit rating institutions.

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Unrealized holding gains or losses on trading securities are charged to current operations and those resulting from available-for-sale securities are recorded as capital adjustments, the accumulated amount of which shall be charged to operations when the related securities are sold or when an impairment loss on the securities is recognized.

Held-to-maturity securities are generally carried at amortized cost. Premiums and discounts on debt securities are amortized over the maturity period using the effective interest method.

Impairment losses are recognized in current operations when the recoverable amounts are less than the acquisition cost of equity securities or amortized cost of debt securities.

Investments in Associates

Investments in associates, over which the Bank exercises significant control or influence, are accounted for under the equity method. Under the equity method, the Bank records changes in its proportionate ownership of the associate in current operations, as capital adjustments or as adjustments to retained earnings, depending on the nature of the underlying change in the book value of the investment in associate.

The Bank discontinues the equity method of accounting for investments in associates when the Bank's share of accumulated losses equals the costs of the investments and until the subsequent cumulative changes in its proportionate net income of the associate equal its cumulative proportionate net losses not recognized during the periods when the equity method was suspended.

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NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

2. Summary of Significant Accounting Policies, Continued;

Investments in Associates Continue;

Differences between the initial purchase price and the Bank's initial proportionate ownership of the net book value of the associate are amortized or accreted using the reasonable method and are charged to current operations.

Continued;

Gains and losses recorded by the Bank from inter-company transactions with associates are fully eliminated. Gains and losses recorded by the associates from these transactions are proportionately eliminated, based on the Bank's percentage of ownership.

Fixed Assets and Related Depreciation

Tangible assets are recorded at cost, except for upward revaluation of certain assets in accordance with the Korean Asset Revaluation Law. Depreciation is calculated based on the estimated average useful lives of the assets and is presented as accumulated depreciation, which is a contra account of tangible assets in the financial statements.

The estimated useful lives and depreciation methods of the tangible assets are as follows:

<u>Tangible assets</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and structures	Straight-line method	40 years
Leasehold improvements	Declining balance method	4 years
Equipment and vehicles	Declining balance method	4 years

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Expenditures that enhance the value or extend the useful life of the assets involved are capitalized as additions to tangible assets. Routine maintenance and repairs are recognized as expenses as incurred.

Foreclosed assets acquired through, or in lieu of, loan redemption are stated at cost and are not depreciated. A valuation allowance is recorded where the latest bidding price at a public auction is below the book value, and is presented as a contra account of foreclosed assets in the financial statements.

Intangible assets are amortized based on the following estimated average useful lives and are presented in the financial statements net of accumulated amortization.

Intangible Asset	Amortization Method	Estimated Useful Life
Goodwill	Straight-line method	9 years
Trademarks	Straight-line method	1-10 years
Others	Straight-line method	7-30 years

The Bank recorded goodwill as a result of the merger with H&CB for the cost of the merger exceeding the fair value of the net assets acquired.

The Bank adjusts the book value of a fixed asset to its recoverable amount and recognizes the difference as an impairment loss when the recoverable amount is significantly below the book value due to obsolescence or decline in market value. The subsequent increase in recoverable amount in excess of the book value is recognized, to the extent of the pre-impairment book value, as reversal of fixed asset impairment losses.

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

2. Summary of Significant Accounting Policies, Continued;

Stock Issuance Costs and Debenture Issuance Costs

Stock issuance costs are deducted from paid-in capital in excess of par value. Debenture issuance costs are recorded as discounts on debentures and amortized over the maturity period of the debentures using the effective interest method.

Accrued Retirement Benefits

Employees and directors with more than one year of service as of June 30, 2003 are entitled to receive a lump-sum payment upon termination of their employment with the Bank, based on their length of service and rate of pay at the time of termination. Additionally, the Bank records the contributions to pension funds, which grant the payment rights to its employees, and contributions to the National Pension Fund, as contra accounts of accrued retirement benefits.

Guarantees and Acceptances

The Bank applies the credit risk classification used for loans to outstanding guarantees and acceptances, and provides allowances for losses of 20%, 50% and 100% of the outstanding guarantees and acceptances classified as sub-standard, doubtful, and estimated loss, respectively.

Deferred Income Taxes

The Bank records the future tax effects of temporary differences between the financial and tax bases of assets and liabilities as deferred tax assets or liabilities. The tax effects of temporary differences arising from the cumulative effects of accounting changes are adjusted in retained earnings.

Bonds under Repurchase/Resale Agreements

Securities bought under resale agreements are recorded in loans as bonds purchased under resale agreements. Securities sold under repurchase agreements are recorded in borrowings as bonds sold under repurchase agreements. Interest from bonds purchased under resale agreements and bonds sold under repurchase agreements are recognized as interest income on loans and interest expense on borrowings, respectively.

Derivatives Instruments

Derivative instruments for trading or hedging purpose are recorded at fair value and resulting unrealized gains and losses are recognized in current operations, except for the effective portion of derivative transactions entered into for the purpose of cash-flow hedges, which is recorded as an adjustment to shareholders' equity.

Fair value hedge accounting is applied to a derivative instrument with the purpose of hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment that is attributable to a particular risk. The gain or loss, both on the hedging derivative instrument and on the hedged item attributable to the hedged risk, is reflected in current operations.

Cash flow hedge accounting is applied to a derivative instrument with the purpose of hedging the exposure to variability in expected future cash flows of an asset or a liability or a forecasted transaction that is attributable to a particular risk. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is recorded as a capital adjustment and the ineffective portion is recognized in current operations. The effective portion of the gain or loss recorded as a capital adjustment is reclassified to current operations in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss recognized as a capital adjustment is added to or deducted from the asset or the liability.

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

2. Summary of Significant Accounting Policies, Continued;

Stock Options

The Bank applies the intrinsic value method, as it expects the settlement of stock options in cash. Accordingly, the Bank recognizes the compensation cost, which is the difference between the exercise price and the stock price as of the balance sheet date, by allocating the amount over the contracted service period (See Note 13).

National Housing Fund

The Bank, as designated by the Korean Government under the Housing Construction Promotion Law, manages the sources and uses of funds of the National

Housing Fund (the NHF) and records the related NHF account in other liabilities. In addition, the Bank pays interest, which is computed by multiplying the average balance of the NHF account by the passbook deposit interest rate, to the NHF.

Gains and Losses on Trust Management

The Bank's trust accounts (the Trust Accounts) recognize as an expense the trust commissions paid to the banking accounts, which is equivalent to the total trust revenue less total trust expenses and trustee benefits (including the guaranteed principal and minimum rate of return). The Bank recognizes these trust commissions as a gain on trust management in other operating income. The trust fees on money trusts consist of base fees of 0.5% ~ 2.0% (depending on trust fund types) and special fees applied to the invested capital.

Under the Trust Business Act, reserves for future losses are set up in the trust accounts for losses related to those trust funds with a guarantee of the principal or of a certain minimum rate of return. The reserves are used to provide for the losses on such trust funds and, if the losses are incurred in excess of the reserves for future losses, the excess losses are compensated by the Bank. Accordingly, the banking accounts recognize the compensation paid as a loss on trust management in other operating expenses and the trust accounts recognize the corresponding

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compensation as compensation from banking accounts. There were no compensations paid for the six-month period ended June 30, 2003.

Translation of the Foreign Currency Financial Statements of Foreign Entities

Accounting records of the overseas branches are maintained in the foreign currency prevailing in their respective countries. For the purpose of presentation in the accompanying financial statements, the financial statements of the branches have been translated into Korean Won, using exchange rates published by Seoul Money Brokerage Services, Ltd. as of June 30, 2003.

Statement of Cash Flows

In the preparation of the statement of cash flows, the Bank has presented net amounts of cash inflows and cash outflows for items where the turnover is quick and the amounts are large.

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

3. Cash and Due from Banks:

Cash and due from banks as of June 30, 2003 and December 31, 2002 are summarized as follows (in millions of Won):

		<u>2003.06.30</u>	<u>2002.12.31</u>
<u>Cash on hand</u>			
Cash in Won		(Won) 3,814,927	(Won) 2,392,346
Cash in foreign currencies		195,563	186,780
		<u>(Won) 4,010,490</u>	<u>(Won) 2,579,126</u>
<u>Due from banks in Won</u>			
The Bank of Korea	Reserve deposits in the Bank of Korea	(Won) 2,038,550	(Won) 1,340,482
Other banks	Time deposits	1,192	41,192
	Reserve deposits in other banks	70	392
	Certificates of Deposits	48,930	
		<u>50,192</u>	<u>41,584</u>
Other financial institutions	Deposits at Mutual Savings & Finance Co., Ltd.	140,000	140,000
Others	Futures margin accounts	320	1,336
	Market participation margin	454	458
			8,319
		<u>774</u>	<u>10,113</u>
		2,229,516	1,532,179
	Present value discounts ^{1*}	(16,419)	(21,156)
		<u>(Won) 2,213,097</u>	<u>(Won) 1,511,023</u>
<u>Due from banks in foreign currencies</u>			
The Bank of Korea	Demand deposits	(Won) 40,364	(Won) 25,677

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Other banks	Demand deposits	77,314	104,073
	Time deposits	19,928	15,193
		<u>97,242</u>	<u>119,266</u>
Off-shore	Demand deposits	564,231	359,200
Others	Other deposits	4,524	5,064
		<u>(Won) 706,361</u>	<u>(Won) 509,207</u>
Total		<u>(Won) 6,929,948</u>	<u>(Won) 4,599,356</u>

1* Present value discounts are recorded in relation to the (Won)140,000 million of time deposits (1% interest, five-year maturity at the point of deposit, uncalled for five years) placed with Hansol Mutual Savings & Finance Co., Ltd. (previously, Bukook Mutual Savings & Finance Co., Ltd.).

The maturities of the due from banks as of June 30, 2003 are as follows (in millions of Won):

	Due from Banks in Won		Due from Banks in Foreign Currencies		Total
Due in 3 months or less	(Won)	2,039,394	(Won)	509,499	(Won) 2,548,893
Due after 3 months through 6 months		48,930		196,862	245,792
Due after 6 months through 1 year					
Due after 1 year through 2 years		50,000			50,000
Due after 2 years through 3 years		90,000			90,000
Due after 5 years		1,192			1,192
		<u>(Won)2,229,516</u>		<u>(Won)706,361</u>	<u>(Won)2,935,877</u>

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4. Securities:

Trading securities as of June 30, 2003 are as follows (in millions of Won):

Trading	Amortized Cost	Fair value
Equity securities	(Won) 65,634	(Won) 72,823
Beneficiary certificates	1,720,775	1,759,175
Government and municipal bonds	381,064	382,635
Corporate bonds	1,678,490	1,678,623
Asset-backed securities	996,592	1,005,924
	(Won) 4,842,555	(Won) 4,899,180

Investment securities as of June 30, 2003 are as follows (in millions of Won):

	Amortized Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale				
Equity securities	(Won) 474,291	(Won) 34,839	(Won)(15,616)	(Won) 493,514
Investment in partnership	31,853	1,287		33,140
Beneficiary certificates	5,100,152	192,878	(1,573)	5,291,457
Government and municipal bonds	2,527,006	43,877	(1,519)	2,569,364
Foreign government debt securities	11,824	2,901		14,725
Corporate bonds	8,448,960	95,955	(9,588)	8,535,327
Asset-backed securities	539,040	11,800	(1)	550,839
Other debt securities	10,016			10,016
	17,143,142	383,537	(28,297)	17,498,382
Held-to-maturity				
Government and municipal bonds	2,380,762			2,532,432
Foreign government debt securities	18,832			18,832
Corporate bonds	6,512,795			6,656,328

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Asset backed securities	375,480			383,713
Other debt securities	206,235			205,104
	<u>9,494,104</u>	<u></u>	<u></u>	<u>9,796,409</u>
	<u>(Won) 26,637,246</u>	<u>(Won) 383,537</u>	<u>(Won)(28,297)</u>	<u>(Won) 27,294,791</u>

The government and municipal bonds included in available-for-sale and held-to maturity securities are under lending agreements with four companies, including Halla Construction, amounting to (Won)48,133 million and (Won)124,904 million, respectively.

Debt securities denominated in Korean Won included in trading and available-for-sale securities are recorded at fair value using the market yield of bonds provided by the Korea Securities Dealers Association. Debt securities denominated in foreign currencies are recorded at fair value using the quoted price provided by the private bond pricing companies.

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4. Securities, Continued;

As of June 30, 2003, investments in associates are as follows (in millions of Won):

Issuer	Ownership(%)	Acquisition Cost	Beginning Balance ^{8*}	Unrealized Gains (Losses)			Balance Sheet Amount ¹⁰
				NL. ^{9*}	R/E. ^{9*}	C/A. ^{9*}	
Domestic associates							
Kookmin Credit Card Co., Ltd	74.27	(Won) 272,274	(Won) 68,196	(Won) (363,935)	(Won)	(Won) 1,934	(Won) 319,959
KB Investment Co., Ltd. ^{1*}	99.89	137,378	67,289	4,027	(2,334)	12,423	81,405
Kookmin Data System Co., Ltd	99.98	7,998	13,616	51			13,667
Kookmin Futures Co., Ltd.	99.98	19,996	25,092	855			25,947
KLB Securities Co., Ltd. ^{2*}	36.41	10,316					
KB Investment Trust Mgt. Co., Ltd. ^{3*}	80.00	39,015	36,667	3,743		48	40,458
Joeun Industrial Co., Ltd. ^{4*}	99.99	23,994					
KB Real Estate Trust Co., Ltd. ^{5*}	99.99	76,103	87,727	3,605	(335)	335	91,332
KB Credit Information Co., Ltd. ^{6*}	62.57	7,936	8,599	873			9,472
ING Life Korea Co., Ltd. ^{7*}	20.00	21,769	21,613	10,106			31,719
Korea Mortgage Co., Ltd	26.67	30,629	33,566	907		(205)	34,268
		<u>647,408</u>	<u>976,129</u>	<u>(339,768)</u>	<u>(2,669)</u>	<u>14,535</u>	<u>648,227</u>
Overseas associates							
	100.00	38,500	48,829	1,662			50,491

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Kookmin Bank Int'l
Ltd. (London)

Kookmin Bank Luxembourg S.A. ^{2*}	100.00	22,004	5,532	(5,532)		
Kookmin Singapore Ltd ^{2*}	100.00	12,123	2,071			2,071
Kookmin Finance Asia Ltd. (HK)	100.00	8,403	278	2		280
Kookmin Finance HK Ltd.	100.00	24,008	61,058	(6,006)		55,052
		<u>105,038</u>	<u>117,768</u>	<u>(9,874)</u>		<u>107,894</u>
		<u>(Won) 752,446</u>	<u>(Won) 1,093,897</u>	<u>(Won) (349,642)</u>	<u>(Won) (2,669)</u>	<u>(Won) 14,535</u>
					<u>(Won) 14,535</u>	<u>(Won) 756,121</u>

1* KB Investment Co., Ltd. merged with Frontier Investment Corp. and Kookmin Investment Co., Ltd., on December 31, 2001 and June 27, 2002, respectively.

2* KLB Securities Co., Ltd. and Kookmin Singapore (Merchant Bank), Ltd. are in the process of liquidation and during the current period, Kookmin Bank Luxembourg S.A has been excluded from the application of equity method accounting.

3* The company changed its name from Jooeun Investment Management Co., Ltd. to KB Investment Trust Management Co., Ltd., effective as of June 10, 2002.

4* Dissolution of Jooeun Industrial Co., Ltd. was resolved in the general meeting of its stockholders on March 19, 2002.

5* Jooeun Real Estate Trust Co., Ltd. changed its name to KB Real Estate Trust Co., Ltd., effective as of September 16, 2002.

6* Jooeun Credit Information Co., Ltd. merged with KM Credit Information Co., Ltd., effective as of May 2, 2002 and changed its name to KB Credit Information Co., Ltd.

7* The Bank applied the equity method based on the amended financial statements of ING Life Korea Co., Ltd. After recording (Won)11,900 million of income taxes.

8* The beginning balance is adjusted by dividends and changes in foreign exchange rate from the prior year's book value.

9* NI: Net Income, R/E: Retained Earnings, C/A: Capital Adjustments

10* The balance sheet amount is recorded using the unaudited monthly closing information of related parties as of June 30, 2003.

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4. Securities, Continued;

Impairment losses on investment securities for the six-month period ended June 30, 2003 are as follows (in millions of Won):

	Issuer	Amortized Cost/ Acquisition Cost	Impairment Loss	Book Value
Equity Securities	Marketable (KSE)			
	KP Chemical Co., Ltd	(Won) 20,465	(Won) 1,013	(Won) 10,333
	ByuckSan Engineering & Construction Co., LTD	6,609	1,989	4,620
	HanKang Restructuring Fund	5,315	1,962	3,353
	Shinwon Corp.	2,849	1,593	1,256
	Maxon Telecom. Co., Ltd. (preferred stock)	398	155	243
	SsangYong Cement Industrial Co., Ltd.	3,235	115	3,120
	Namsun Aluminum Co., Ltd.	677	75	602
	Hyundai Metal Co., Ltd (preferred stock)	60	15	45
	Hyundai Metal Co., Ltd	176	10	166
	Kukdong Engineering & Construction	272	4	268
	Hanchang	6	4	2
		<u>40,062</u>	<u>16,054</u>	<u>24,008</u>
	Marketable (KOSDAQ)			
	C&H Capital	3,867	565	3,302
	Miju Steel Co., Ltd	1,080	504	576
	Seo Han Co., Ltd.	115	38	77
	Ssangyong Engineering & Construction Co., Ltd	140	11	129
		<u>5,202</u>	<u>1,118</u>	<u>4,084</u>
	Non-marketable			
	Daewoo Electronics Corp.	9,862	9,763	99
	Integra Telecom. Co., Ltd.	2,000	2,000	
	Mondex Korea Co., Ltd	1,100	1,100	
	Bogo Tech Co., Ltd.	1,354	945	409
	Korea Aerospace Industries, Ltd.	2,179	739	1,440
	Space technology Co., Ltd	624	598	26
	Lemarco Co., Ltd.	500	484	16
	Daerim Corporation (preferred Stock)	526	379	147

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Daeyu System	300	300	
CCKvan.Co., Ltd.	250	250	
Coramdeo Credit Information Co., Ltd.	200	200	
Busan Environment Development Co., Ltd.	10	10	
	<u>18,905</u>	<u>16,768</u>	<u>2,137</u>
Securities in foreign currencies			
Asia Finance and Investment Corp.	1,172	43	1,129
	<u>1,172</u>	<u>43</u>	<u>1,129</u>
Beneficiary certificates			
Hyundai Clean MMF	2,504	1,753	751
	<u>2,504</u>	<u>1,753</u>	<u>751</u>
	<u>67,845</u>	<u>35,736</u>	<u>32,109</u>

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4. Securities, Continued;

	Issuer	Amortized Cost	Impairment Loss	Book Value
Debt Securities	Debt securities denominated in Korean Won			
	SK Global Co., Ltd.	(Won) 48,810	(Won) 33,770	(Won) 15,040
	Hynix Semiconductor Inc.	24	17	7
	Debt securities denominated in foreign currencies			
	Southern Petro Chemical Industry	3,291	2,098	1,193
	Berjaya Group Cap (Cayman)	1,328	32	1,296
	PT Dharmala Intiutama Jakarta	30	18	12
	NK Telecom	12	12	
	Tuntex	626	9	617
	Jindo Hong Kong Ltd.	27	16	11
	Off-shore debt securities			
	Sungwon Corporation	1,398	886	512
	China Construction Holdings	745	369	376
	Daewoo Telecom Ltd.	321	116	205
	PT Dharmala Intiutama Jakarta	29	17	12
	Berjaya Group Cap (Cayman)	568	13	555
		57,209	37,373	19,836
		(Won) 125,054	(Won) 73,109	(Won) 51,945

For the six-month period ended June 30, 2003, the recovery of impairment losses on available-for-sale securities comprise (Won)29,118 million related to the investments in Korea Housing Guarantee Co., Ltd. and (Won)5,364 million related to the investments in Kukdong Engineering & Construction.

The maturities of the available-for-sale and held-to-maturity debt securities as of June 30, 2003 are summarized as follows (in millions of Won):

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Maturities	Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	(Won) 10,212,977	(Won) 10,445,207	(Won) 4,479,148	(Won) 4,519,225
Due after 1 year through 5 years	6,019,025	6,104,278	4,686,267	4,894,762
Due after 5 years through 10 years	372,913	387,629	328,689	382,422
Thereafter	32,082	34,614		
	(Won) 16,636,997	(Won) 16,971,728	(Won) 9,494,104	(Won) 9,796,409

For the six-month period ended June 30, 2003, total interest income on securities amount to (Won)759,784 million.

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4. Securities, Continued;

Non-marketable equity securities classified available-for-sale securities, as of June 30, 2003 are as follows (in millions of Won):

<u>Issuer</u>	<u>Acquisition Cost</u>	<u>Net Asset Value1*</u>	<u>Balance Sheet Amount</u>
Korea Housing Guarantee Co., Ltd.	(Won) 97,766	(Won) 107,662	(Won) 97,766
Dongbu Electronics Co., Ltd.	30,000	12,740	30,000
Asia Credit	9,832	10,528	9,832
The Korea Securities Finance Corp.	8,160	11,003	8,160
Korea Asset Management Corp.	7,827	9,250	7,827
Samsung Life Insurance Co., Ltd.	7,479	6,520	7,479
Korea Highway Corp.	6,248	5,892	6,248
Daewoo Motor Co., Ltd.	5,861	9,863	5,861
Bc Card Co., Ltd.	5,738	7,497	5,738
Mirae Asset Securities Co., Ltd.	5,000	8,302	5,000
Hanwha Investment Trust Management Co., Ltd.	3,487	3,503	3,487
Korea Vilene Co., Ltd.	3,000	3,662	3,000
Hyundai Home Shopping Network Corp.	2,680	915	2,680
National Information & Credit Evaluation Inc.	2,668	4,209	2,668
Nanjing Kumho Tire Co Ltd	2,538	2,668	2,538
Korea Digital Satellite Broadcasting Co., Ltd.	2,157	1,079	2,157
Kyobo Investment Trust Management Co., Ltd.	2,100	3,417	2,100
Pan Asia Paper	2,095	2,095	2,095
C&S Microwave	2,000	886	2,000
NICE E-Banking Services	2,000	884	2,000
Phoenix Display Electronics Co., Ltd.	2,000	978	2,000
Baring Communications Equity (Wars)	1,936	2,424	1,936
Korea Aerospace Industires, Ltd.	2,179	1,440	1,440
Korea Money Broker Corp.	1,291	2,325	1,291
Tianjin Samsung Opto_Electronics	1,165	1,482	1,165
Asia Finance And Investment Corp	1,129	1,130	1,129
Others	41,056	39,166	25,027
	<u>(Won) 259,392</u>	<u>(Won) 261,520</u>	<u>(Won) 242,624</u>

1*

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Net asset value is calculated using the monthly closing information of investees as of June 30, 2003 if possible, otherwise the most recent financial information is used.

Realized gains and losses for the sale of available-for-sale securities included in net income for the six-month period ended June 30, 2003 are summarized as follows (in millions of Won):

<u>Account</u>	<u>Realized Gains</u>	<u>Realized Losses</u>
Equity securities	(Won) 37,485	(Won) 25,111
Government and municipal bonds	30,714	
Finance debentures	6,924	
Corporate bonds	10,294	6,514
Others	38,951	6,213
	<u>(Won) 124,368</u>	<u>(Won) 37,838</u>

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4. Securities, Continued;

Investment securities risk concentrations as of June 30, 2003 are as follows (in millions of Won):

	<u>Amount</u>	<u>Ratio (%)</u>
<u>By Country</u>		
Korea	(Won) 32,374,176	99.16
USA	87,713	0.27
Philippines	61,849	0.19
Luxembourg	29,814	0.09
Indonesia	23,402	0.07
India	18,554	0.06
Mexico	14,725	0.05
Hong Kong	11,956	0.04
Singapore	9,832	0.03
Thailand	6,919	0.02
Others	8,847	0.02
	<u>(Won) 32,647,787</u>	<u>100.00</u>
<u>By Type</u>		
Fixed rate bonds	(Won) 18,186,257	55.70
Floating rate bonds	5,227,301	16.01
Subordinated bonds	582,957	1.79
Convertible bonds	163,961	0.50
Beneficiary certificates	7,050,632	21.60
Equity securities	1,322,458	4.05
Others	114,221	0.35
	<u>(Won) 32,647,787</u>	<u>100.00</u>
<u>By Industry</u>		
Government and municipalities	(Won) 6,465,952	19.80
Financial institutions	24,626,628	75.43
Manufacturing industries	531,627	1.63
Others	1,023,580	3.14

(Won) 32,647,787

100.00

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5. Loans:

Loans as of June 30, 2003 and December 31, 2002 are summarized as follows (in millions of Won):

<u>Account</u>	<u>Detailed Account</u>	<u>June 30, 2003</u>	<u>December 31, 2002</u>
<u>Loans in Won</u>			
Corporate loans	<u>Operation loans</u>		
	General operation loans	(Won) 29,922,463	(Won) 28,904,621
	Notes discounted	1,688,086	1,851,133
	Overdraft accounts	725,300	568,702
	Trading notes	884,982	814,759
	Other operation loans	3,749,527	3,229,851
		<u>36,970,358</u>	<u>35,369,066</u>
	<u>Facility loans</u>		
	General facility loans	5,229,681	4,676,506
	Other facility loans	1,253,055	1,287,125
		<u>6,482,736</u>	<u>5,963,631</u>
		<u>43,453,094</u>	<u>41,332,697</u>
Consumer loans	General consumer loans	40,815,249	39,713,543
	Consumer housing loans	35,858,294	33,731,435
	Remunerations on mutual installment savings	227,031	131,768
	Other consumer loans	624,050	632,172
		<u>77,524,624</u>	<u>74,208,918</u>
Public loans	Public operation loans	529,201	738,632
	Public facility loans	40,753	39,414
		<u>569,954</u>	<u>778,046</u>
Other loans	Property formation loans	80,187	95,252

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	Inter-bank loans	16,771	20,941
	Others	4,595	5,449
		<u>101,553</u>	<u>121,642</u>
		(Won) 121,649,225	(Won) 116,441,303
<u>Loans in foreign currencies</u>	Domestic funding loans	(Won) 1,220,795	(Won) 1,052,800
	Overseas funding loans	838,005	933,010
	Inter-bank loans	657,472	1,094,119
	Domestic usance bills	1,481,528	1,334,006
	Government funding loans	2,176	3,241
		<u>(Won) 4,199,976</u>	<u>(Won) 4,417,176</u>
Call Loans	In Won	(Won) 210,000	(Won) 33,600
	In foreign currencies	124,250	248,857
	Inter-bank reconciliation funds	1,012,537	89,287
		<u>(Won) 1,346,787</u>	<u>(Won) 371,744</u>

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5. Loans, Continued;

As of June 30, 2003, restructured loans due to workout plans or other similar restructuring programs are as follows (in millions of Won):

	Balances before Restructuring	Exemption	Equity Conversion	Restructured Amount	Present Value Discounts
Workout	(Won) 128,905	(Won)	(Won) 5,713	(Won) 123,192	(Won) 7,407
Court receivership	41,695	154	9,094	32,447	6,909
Court mediation	23,196			23,196	751
Others	246,884	23,898	31,833	191,153	14,366
	<u>(Won) 440,680</u>	<u>(Won) 24,052</u>	<u>(Won) 46,640</u>	<u>(Won) 369,988</u>	<u>(Won) 29,433</u>

The loans, or portions thereof, that are approved for debt restructuring by issuance or grants of equity are separately classified as loans due for equity conversion as of the agreement date. The loans due for equity conversion are stated at the lower of nominal amount or the fair value of the to-be-converted equity interest. The difference between the nominal amount and the fair value of equity interest is adjusted in the related allowance for loan losses.

The maturities of loans as of June 30, 2003 are as follows (in millions of Won):

	Loans in Won	Loans in Foreign Currencies	Bills Bought	Credit Card	Call Loans	Privately Placed Debentures	Others	Total
Due in 3 months or less	(Won) 13,292,727	(Won) 1,871,416	(Won) 598,765	(Won) 4,126,554	(Won) 1,346,787	(Won) 145,286	(Won) 585,208	(Won) 21,966,743
Due after 3 months through 6 months	15,453,724	353,933	63,033	562,784		104,971	17,814	16,556,259
Due after 6 months through 1 year	30,061,514	543,335	7,994	486,258		397,228		31,496,329

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Due after 1 year through 2 years	24,085,684	173,356	7,274	153,974		262,718	373	24,683,379
Due after 2 years through 3 years	22,055,576	278,781	6,606	54,339		313,578		22,708,880
Due after 3 years through 4 years	2,716,299	200,321	3,084	24,421				2,944,125
Due after 4 years through 5 years	2,898,631	206,483		16,332		4,798		3,126,244
Thereafter	11,085,070	572,351		694			30,802	11,688,917
	<u>121,649,225</u>	<u>4,199,976</u>	<u>686,756</u>	<u>5,425,356</u>	<u>1,346,787</u>	<u>1,228,579</u>	<u>634,197</u>	<u>135,170,876</u>
	(Won) 121,649,225	(Won) 4,199,976	(Won) 686,756	(Won) 5,425,356	(Won) 1,346,787	(Won) 1,228,579	(Won) 634,197	(Won) 135,170,876

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5. Loans, Continued;

Loan risk concentrations as of June 30, 2003 are as follows (in millions of Won):

	<u>Loans in Won</u>	<u>Loans in Foreign Currencies</u>	<u>Others</u>	<u>Total</u>	<u>Percentage (%)</u>
By Country					
Korea	(Won) 121,649,225	(Won) 3,600,376	(Won) 9,136,530	(Won) 134,386,131	99.42
Southeast Asia		182,167	113,760	295,927	0.22
Russia		118,117		118,117	0.09
China		2,705	3	2,708	0.00
Japan		211,717	15	211,732	0.16
Others		84,894	71,367	156,261	0.11
	<u>(Won) 121,649,225</u>	<u>(Won) 4,199,976</u>	<u>(Won) 9,321,675</u>	<u>(Won) 135,170,876</u>	<u>100.00</u>
Industrial loans					
Financial institutions	(Won) 943,783	(Won) 749,582	(Won) 2,129,669	(Won) 3,823,034	2.83
Manufacturing companies	14,737,115	2,087,412	1,048,473	17,873,000	13.22
Service companies	21,418,162	1,013,561	683,203	23,114,926	17.10
Others	6,772,348	66,497	1,609,111	8,447,956	6.25
	<u>43,871,408</u>	<u>3,917,052</u>	<u>5,470,456</u>	<u>53,258,916</u>	<u>39.40</u>
Household loans	77,609,406	122,403	3,849,040	81,580,849	60.35
Public and other loans	168,411	160,521	2,179	331,111	0.25
	<u>(Won) 121,649,225</u>	<u>(Won) 4,199,976</u>	<u>(Won) 9,321,675</u>	<u>(Won) 135,170,876</u>	<u>100.00</u>

6. Allowances for Loan Losses:

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As of June 30, 2003 and December 31, 2002 allowances for loan losses are as follows (in millions of Won):

Allowance for	June 30, 2003	December 31, 2002
Loans in Won	(Won) 2,400,719	(Won) 1,905,208
Loans in foreign currencies	110,482	103,838
Bills bought in Won and foreign currencies	86,189	20,213
Payments on guarantees	45,514	18,382
Credit card accounts	631,807	284,491
Privately placed debentures	23,241	28,210
Loans due for equity conversion	5,311	5,373
Factoring receivable	146	
Suspense receivables	12,594	11,022
Others	2,350	1,959
	<u>(Won) 3,318,353</u>	<u>(Won) 2,378,696</u>

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2003 and December 31, 2002 and

for the three-month and six-month periods ended June 30, 2003 and 2002

(Unaudited See Independent Accountants Report)

6. Allowances for Loan Losses, Continued;

As of June 30, 2003, allowances for loan losses and credit risk classifications are as follows (in millions of Won):

		<u>Normal</u>	<u>Pre-cautionary</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Estimated Loss</u>	<u>Total</u>
Loans in Won	Loan balance	(Won) 111,644,464	(Won) 5,626,493	(Won) 3,175,711	(Won)		