

KOOKMIN BANK
Form 6-K
November 18, 2003
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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 November 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

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.

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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)(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 3rd Quarter Business Report of Kookmin Bank

On November 14, 2003, Kookmin Bank filed a 3rd quarter 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 consolidation with former Kookmin Bank and H&CB on the consolidation 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 consolidation between the Former Kookmin Bank and H&CB, which formed 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 consolidation, 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 1) for bank accounts is based on the Former Kookmin Bank s results and 2) for trust accounts is based on simply 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,
- n The trust business as prescribed by the Banking Trust Act,
- n The credit card business as prescribed by the Non-Banking Financing 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 Entered into a merger agreement with Kookmin Credit Card, one of our major subsidiaries and officially submitted Merger Statement to Financial Supervisory Service
- n September 30, 2003 Completed small-scale merger with Kookmin Credit Card

1.3. Capital Structure

1.3.1. Common Shares

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

With regard to the Merger between Kookmin Bank and Kookmin Credit Card on September 30, 2003, Kookmin Bank issued additional 8,120,431 shares on September 30, 2003 with total 336,379,116 shares issued and total 1,681,896 million Won of paid-in capital.

1.3.2. Treasury Stock

The following table shows the purchase and disposition of our treasury stock as of November 14, 2003.

(Unit: in thousands of Won unless otherwise indicated)

Date	Transaction	Number of shares	Average cost per	
			Cost	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
September 4 - 9, 2003	Acquisition pursuant to the Securities and Exchange Act of Korea	650,000 shares	29,094,064	44,760 Won
October 16, 2003	Acquisition of fractional shares due to the Merger with Kookmin Credit Card	5,095 shares	214,254	42,050 Won
October 27, 2003	Disposition due to exercise of stock option by a grantee	62,961 shares	3,049,075	48,428 Won
November 3, 2003	Disposition due to exercise of stock option by a grantee	5,000 shares	242,140	48,428 Won
Total		Outstanding balance: 3,603,223 shares	174,497,499	

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The following table is the breakdown of stock options Kookmin Bank has granted to the directors and employees.

(As of September 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	Sunghul 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	Sunhee 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	Woonyou 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	19,333	0	19,333
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
15-Mar-01	Sanghoon Kim	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	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	Sunghyun Chung	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jonghwa Lee	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961

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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	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
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		500,000	0	500,000
16-Nov-01	Jungtae Kim	President & CEO	17-Nov-04	16-Nov-09	X ¹	200,000 ²	0	200,000
16-Nov-01	Sanghoon Kim	Chairman	17-Nov-04	16-Nov-09		150,000	0	150,000

- Exercise price = $51,200 \text{ Won} \times (1 + \frac{\text{increase rate of KOSPI Banking Industry Index}}{100})$. The increase rate of KOSPI Banking Industry Index = $(\text{KOSPI Banking Industry Index as of the starting date of exercise period} / 207.25) / 207.25 \times 100$.
- 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 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.

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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	Choulju Lee	Auditor & Executive Director	23-Mar-05	22-Mar-10		9,963	0	9,963
22-Mar-02	Henry Cornell	Non Executive Director	23-Mar-05	22-Mar-10		3,321	0	3,321
22-Mar-02	Keunshik Oh	Non Executive Director	23-Mar-05	22-Mar-10		3,321	0	3,321
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	Y ¹	3,321	0	3,321
22-Mar-02	Timothy Hartman	Non Executive Director	23-Mar-05	22-Mar-10		3,321	0	3,321
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		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	9,498	0	9,498
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	Jaeil 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	Dongsoon 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
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

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				
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
27-Aug-03	Jinbaek Cheong	Executive Vice President	28-Aug-03	27-Aug-11	40,500	30,000	0	30,000
22-Mar-01	Hankyung Lee ²	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
22-Mar-01	Junchae Song	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
22-Mar-01	Cheolho Kim	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	4,429	0	4,429
22-Mar-01	Myoungwoo Lee	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	4,429	0	4,429
29-Mar-02	Bounghak Kim	Former KCC Officer	30-Mar-04	29-Mar-11		4,429	0	4,429
29-Mar-02	Sun Lee	Former KCC Officer	30-Mar-04	29-Mar-11	Y ³	4,429	0	4,429
29-Mar-02	Jangok Kim	Former KCC Officer	30-Mar-04	29-Mar-11		4,429	0	4,429
Total						2,883,242	553,069	2,330,173

- 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.
- Exercise price = 129,100 Won x (1 + the increase rate of Comparative Industry Index x 0.4).
If negative index produced, the factor is not to be considered.
The increase rate of Comparative Industry Index = (B-A)/A
A : KOSPI as of the grant date x 0.5 + KOSPI Banking Industry Index as of the grant date x 0.5
B : KOSPI as of the exercise date x 0.5 + KOSPI Banking Industry Index as of the exercise date x 0.5
- The last 7 people in the above stock option table were granted Kookmin Bank stock option retroactively on the indicated dates. Those were originally granted by Kookmin Credit Card (KCC) when they were in office, and due to the Merger between Kookmin Bank and Kookmin Credit Card, those options were converted into stock options of the Bank.

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

1.5. Merger Summary

As of September 30, 2003, Kookmin Bank merged Kookmin Credit Card, its former subsidiary about 74% shares owned. Followings are summarized information with regard to the Merger.

1.5.1. Brief Note on Merger Procedures

May 30, 2003 :	Completed merger agreement and officially submitted Merger Statement to FSS.
July 23, 2003 :	Approved by board of directors of Kookmin Bank
September 5, 2003 :	Approved by shareholders meeting of Kookmin Credit Card
September 30, 2003 :	Completed the merger and integrated into single card business unit.
October 7, 2003 :	Submitted Merger Completion Report to FSS

- 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).

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1.5.2. Merger Method

Entity	Business	Merger Method
Kookmin Bank (KB) Kookmin Credit Card (KCC)	Banking Credit card	KCC is merged into KB

1.5.3. Merger Ratio

	KB	KCC
Stock Price	31,780 Won	14,078 Won
Merger Ratio (Common Stock)	1	0.442983

1.5.4. Changes in Equity-related factors after Merger

		Before Merger	After Merger
Number of Stocks Authorized	Common stocks	1,000,000,000	1,000,000,000
	Preferred stocks		
Number of Stocks Issued	Common stocks	328,258,685	336,379,116
	Preferred stocks		
Paid-in capital (million Won)		1,641,293	1,681,896

Table of Contents**2. Business****2.1. Source and Use of Funds****2.1.1. Source of Funds**

(Unit: in millions of Won)

		September 30, 2003		December 31, 2002		December 31, 2001	
		Interest		Interest			
		Average balance	rate (%)	Average balance	rate (%)	Average balance	Interest rate (%)
Won currency	Deposits and Mutual installment	116,492,015	3.78	113,157,719	4.21	63,743,997	5.53
	Certificate of deposit	3,561,241	4.60	2,119,900	4.82	2,022,414	6.10
	Borrowings	3,384,195	3.91	4,568,873	4.45	3,784,147	4.85
	Call money	1,503,361	3.99	1,039,249	4.02	403,937	4.11
	Other	22,474,928	5.90	14,254,281	6.70	9,112,858	7.57
	Subtotal		147,415,740	4.13	135,140,022	4.49	79,067,353
Foreign currency	Deposits	1,237,424	0.81	1,096,544	1.28	952,701	3.08
	Borrowings	3,480,029	1.06	2,269,774	2.45	2,018,537	5.47
	Call money	147,883	1.08	293,151	1.65	223,156	3.67
	Finance debentures issued	739,912		1,071,848	3.57	1,430,804	5.68
	Other	25,782		23,087		15,081	
Subtotal		5,631,030	1.14	4,754,404	2.67	4,640,279	5.32
Other	Total Shareholders Equity	11,549,211		14,586,550		7,463,687	
	Allowances	88,675		63,039		353,183	
	Other	9,756,156		3,717,379		4,065,899	
Subtotal		21,394,042		18,366,968		11,882,769	
Total		174,440,812	3.52	158,261,394	3.92	95,590,401	5.00

Table of Contents**2.1.2. Use of Funds**

(Unit: in millions of Won)

		September 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	169,303	1.40	1,041,865	4.62	1,339,572	5.60
	Securities	30,730,771	6.33	30,180,305	6.32	23,861,424	6.78
	Loans	120,647,990	7.17	105,188,481	7.79	53,575,082	8.87
	Advances for customers	90,359	7.62	91,583	4.35	127,704	3.84
	Call loan	468,440	3.94	736,571	4.36	1,765,067	4.80
	Private placement corporate bonds	1,232,206	8.47	1,631,524	7.32	2,065,179	10.32
	Credit card accounts	5,407,667	9.84	5,719,359	10.25	912,210	17.63
	Other	295,534	36.49	374,718		614,014	
	Allowance for credit losses (-)	-1,792,386		1,437,960		1,297,930	
	Subtotal	157,249,884	7.23	143,526,446	7.66	82,962,322	8.50
Foreign currency	Due from banks	593,757	1.35	253,390	1.35	121,994	3.28
	Securities	1,281,677	5.90	1,302,214	7.97	1,079,359	9.13
	Loans	2,737,718	2.89	3,216,042	3.39	3,870,853	5.66
	Call loan	78,238	1.35	188,465	1.98	185,466	4.15
	Bills bought	2,073,176	1.78	835,356	4.71	1,045,331	7.60
	Other	12,962	16.20	15,739		116,454	
	Allowance for credit losses (-)	-138,506		267,194		266,613	
Subtotal	6,639,022	3.05	5,544,012	4.95	6,152,844	7.11	
Other	Cash	976,422		914,639		530,451	
	Fixed assets held for business	3,136,226		3,126,812		1,462,413	
	Other	6,439,258		5,149,485		4,482,371	

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Subtotal	10,551,906		9,190,936		6,475,235	
Total	174,440,812	6.63	158,261,394	7.12	95,590,401	7.83

Table of Contents**2.2. Principal Banking Activities****2.2.1. 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)

		September 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	11,989,488	13,176,682	10,654,651	12,987,742	4,832,281	10,824,005
	Time & savings deposits	96,428,974	96,630,311	93,347,999	93,630,423	53,496,908	89,080,935
	Mutual installment deposits	6,940,006	7,009,983	8,058,664	7,491,115	6,469,772	8,871,193
	Mutual installment for housing	5,094,516	5,291,492	4,463,601	4,872,637	928,398	4,128,489
	Certificates of deposits	3,561,241	4,689,250	2,119,900	3,044,089	2,022,414	1,154,056
Subtotal		124,014,225	126,797,718	118,644,815	122,026,006	67,749,773	114,058,678
Deposits in foreign currency		1,237,424	1,303,028	1,096,544	1,083,647	952,701	1,102,626
Trust deposits	Money trust	13,737,752	11,881,479	17,214,936	15,356,285	20,375,456	19,739,709
	Property trust	25,291,861	22,047,490	16,783,690	26,852,684	5,409,033	12,559,922
Subtotal		39,029,613	33,928,969	33,998,626	42,208,969	25,784,489	32,299,631
Total		164,281,262	162,029,715	153,739,985	165,318,622	94,486,963	147,460,935

2.2.2. 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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	September 30, 2003	December 31, 2002	December 31, 2001
Deposits	117,753	121,137	133,548
Deposits in Won	116,937	120,336	132,320

Table of Contents**2.2.3. 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)

	September 30, 2003	December 31, 2002	December 31, 2001
Deposits	7,531	7,256	7,243
Deposits in Won	7,479	7,208	7,176

2.2.4. 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)

	September 30, 2003		December 31, 2002		December 31, 2001	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Loans in Won	120,627,480	124,678,337	105,117,047	116,472,105	53,498,087	94,698,769
Loans in foreign currency	4,180,092	3,832,578	3,228,857	4,417,176	3,924,562	4,174,237
Advances to customers	101,847	120,535	106,380	52,430	244,158	199,831
Subtotal	124,909,419	120,631,450	108,452,284	120,941,711	57,666,807	99,072,837
Trust account loans	536,741	509,530	789,614	575,412	2,194,851	1,117,817
Total	125,446,160	129,140,980	109,241,898	121,517,123	59,861,658	100,190,654

2.2.5. Loan Balances as of September 30, 2003 by Remaining Years to Maturities

(Unit: in millions of Won)

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

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		less than 3 years	less than 5 years		
Loans in Won	61,309,521	46,935,406	5,744,289	10,689,121	124,678,337
Loans in foreign currencies	2,431,854	488,000	380,503	532,222	3,832,579

Table of Contents**2.2.6. 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)

		September 30, 2003	December 31, 2002	December 31, 2001
Loans to enterprise	Loans for operations	37,215,145	35,369,066	29,286,707
	Loans for facility	6,792,781	5,963,631	4,434,447
Loans to households		42,857,247	40,477,483	34,648,918
Loans to public sector & others	Loans for operations	500,892	738,632	730,598
	Loans for equipment	42,155	39,414	57,211
Loans on property formation savings		73,734	95,252	154,069
Loans for housing		37,175,741	33,731,435	25,342,969
Inter-bank loans		16,412	20,941	36,110
Others		4,230	5,449	7,740
Total		124,678,337	116,441,303	94,698,769

2.2.7. Loan to Deposit Ratio

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

(Units: in millions of Won, %)

	September 30, 2003	December 31, 2002	December 31, 2001
Loans¹ (A)	120,627,480	105,117,047	53,498,087
Deposits² (B)	124,014,224	118,644,815	67,749,773
Loan to deposit ratio (A/B)	97.27	88.60	78.96

2.2.8. Acceptances and Guarantees

(Unit: in millions of Won)

	September 30, 2003	December 31, 2002	December 31, 2001
Determined	794,963	1,031,698	3,521,970
Contingent	1,189,639	1,306,878	1,369,723
Total	1,984,602	2,338,576	4,891,693

2.2.9. 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)

		September 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	4,069,977	5,083,198	2,834,534	3,269,269	3,571,137	3,139,925
	Government and public bonds	5,536,731	6,175,168	4,272,946	5,252,321	4,454,446	4,592,251
	Debentures	12,147,001	8,250,618	13,154,258	12,378,717	11,410,904	14,691,304
	Stocks	1,593,871	854,395	2,146,149	1,661,682	1,309,134	2,154,449
	Others	7,383,192	9,045,467	7,809,012	7,162,134	3,115,803	7,547,153
	Subtotal		30,730,772	29,408,846	30,216,899	29,724,123	23,861,424
Securities in Won (Trust account)	Monetary stabilization bonds	901,854	1,220,416	1,309,515	583,379	3,228,021	2,725,071
	Government and public bonds	1,133,579	1,185,062	2,023,503	1,323,195	2,990,549	3,059,777
	Debentures	6,299,382	5,072,127	8,035,960	7,600,794	7,635,765	7,613,829
	Stocks	807,425	743,657	904,921	924,514	672,845	890,151
	Others	3,510,767	2,795,094	3,945,649	3,821,884	4,340,103	3,913,328
	Subtotal		13,546,727	11,819,947	77,213,310	74,449,265	18,985,430
Securities in foreign currency (Trust Account)		893,720	803,591	559,964	747,253	118,147	370,415
Subtotal		13,546,727	11,819,947	77,213,310	74,449,265	18,985,430	18,572,571
Securities in foreign currency (Banking account)	Foreign securities	986,319	935,098	945,199	960,749	736,084	909,730
	Off-shore foreign securities	295,358	245,171	320,423	255,878	343,275	382,542
	Subtotal	1,281,677	1,180,269	1,265,622	1,216,627	1,079,359	1,292,272
Total		45,559,176	42,409,062	48,262,033	45,941,769	43,926,213	51,989,925

2.2.10. Trust Account (money trust)

(Unit: in millions of Won)

September 30, 2003	December 31, 2002	December 31, 2001
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	Total amount trusted	Trust fees	Total amount trusted	Trust fees	Total amount trusted	Trust fees
Return-guaranteed trust	606	33,403	1,528	59,530	25,551	-17,147
Performance trust	39,029,007	143,251	33,997,098	241,444	25,758,938	353,890
Total	39,029,613	176,654	33,998,626	300,974	25,784,489	336,743

Table of Contents**2.2.11. Credit Card****2.2.11.1. BC Card**

(Unit: in millions of Won unless indicated otherwise)

		September 30, 2003	2002	2001
Number of card holders (Person)	Corporate	54,941	58,090	23,811
	Individual	4,056,222	4,748,427	4,017,950
Number of merchants		325,262	262,619	295,668
Profit	Sales¹	16,340,878	27,216,500	22,272,700
	Fee revenue²	694,559	1,039,710	819,399

2.2.11.2. Kookmin Card³

(Unit: in millions of Won unless indicated otherwise)

		September 30, 2003	2002	2001
Number of card holders (Person)	Corporate	152,472	153,425	105,600
	Individual	11,052,024	11,638,968	9,605,946
Number of merchants		1,552,983	1,675,176	1,569,103
Profit	Sales¹	52,143,378	83,860,180	65,382,300
	Fee revenue	1,401,711	155,545	142,700

2.3. Property, Plants and Equipment**2.3.1. Branch Network**

As of September 30, 2003, we had 1,164 branches and 61 sub-branches in Korea, the largest number of branches among Korean commercial banks. Approximately 43% of our branches and sub-branches are located in Seoul.

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We also have three overseas branches in Tokyo, New York and Auckland, and 1 overseas office in Guangzhou in China

2.3.2. *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 September 30, 2003 is 1,611,342 million Won. In addition to the properties owned by us, we also leased 1,095,163 million Won of properties for our branch space.

-
1. Includes credit card receivables and cash advances.
 2. Excludes fee related to Kookmin Credit Card
 3. This is the result of former Kookmin Credit Card.

Table of Contents**2.3.3. Automated Banking Machines**

We have established an extensive network of automated banking machines, which are installed in branches and in Autobanks (unmanned outlets). These automated banking machines consist of ATMs, cash dispensers and passbook printers. As of September 30, 2003, we had 7,945 ATMs, 1,532 cash dispensers and 767 passbook printers.

2.4. Other Details Relevant to Investment Decision**2.4.1. BIS Risk-adjusted Capital Ratios**

(Units: in millions of Won, %)

	September 30, 2003 ¹	December 31, 2002	December 31, 2001
Risk-adjusted capital (A)	13,894,299	14,439,313	11,750,856
Risk-weighted assets (B)	129,335,550	138,703,021	114,849,227
BIS ratios (A/B)	10.74	10.41	10.23

2.4.2. Non-performing Loans²

(Units: in millions of Won unless indicated otherwise)

September 30, 2003		December 31, 2002		Change	
Amount	NPL to total loans	Amount	NPL to total loans	Amount	NPL to total loans
3,800,519	2.77%	2,509,073	1.90%	1,291,446	0.87%p

¹ Tentative figures

² Excluding non-performing loans of former Kookmin Credit Card. 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.

2.4.3. Loan Losses Allowance¹

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

(Units: in millions of Won)

		September 30, 2003	December 31, 2002	December 31, 2001
Loan losses allowance	Domestic	4,514,676	2,365,898	2,255,068
	Overseas	10,764	12,798	16,111
	Total	4,525,440	2,378,696	2,271,179
Write-offs for the Period		1,963,191	1,527,311	1,090,029

1. Including 1,388,854 million Won of loan losses allowance of former Kookmin Credit Card

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3. Financial Information

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

Table of Contents**4. Principal Accountant Fees and Services****4.1. Audit & Review Service**

Our Financial statements for the third quarter, 2003 have been reviewed by Samil Accounting Corporation, the Korean member firm of PricewaterhouseCoopers. The aggregate audit and review service contract amount for the year 2003 is 980 million Won.

4.2. Service Other than Audit & Review

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
September 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.

Table of Contents**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 9 months ended September 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 2,483 million Won, 389 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
1) Executive Directors	2,483		733
2) Non Executive Directors	389		36
Total	2,872	8,000	769

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 September 30, 2003, we have following affiliates.

- n KB Investment Co., Ltd.

- n KB Investment Trust Management Co., Ltd.

- n KB Real Estate Trust Co., Ltd.

- n KB Credit Information Co., Ltd.

- 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.

Table of Contents5.5.2. *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	September 30, 2003	445,781	445,732	49	11,031	(6,685)
Kookmin Bank International (London)	September 30, 2003	253,496	205,721	47,775	7,823	363
Kookmin Finance Hong Kong	September 30, 2003	224,841	170,802	54,039	14,196	(4,951)

Table of Contents**6. Share Ownership and Stocks****6.1. Major Shareholders**

The following table presents information regarding the beneficial ownership of our shares as of June 17, 2003 (official record date for the Merger with Kookmin Credit Card) 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 ¹	16,831,607	5.13%
The Bank of New York ²	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)

		April	May	June	July	August	September
Registered Common Shares	High	35,550	34,200	39,900	42,800	42,950	46,200
	Low	29,150	29,950	35,150	36,400	37,300	37,300
Trading Volume		68,520	48,294	37,642	38,874	25,806	38,017

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

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

April	May	June	July	August	September
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American Depositary Shares	High	29.13	28.79	33.73	37.40	37.30	39.65
	Low	23.23	24.71	28.70	30.27	31.30	32.43
Trading Volume		7,333	7,981	7,083	7,926	4,145	13,850

1. In September, Goldman Sachs disposed about 13,000,000 shares, accordingly, ownership of our shares changed to 1.18% as of September 5, 2003.
2. As depositary bank of American Depositary Shares of Kookmin Bank

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

As of September 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	
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 September 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	4,041
Richard Elliott Lint	01/04/1946	Non-Executive Director	400
Sunjin Kim	06/08/1942	Non-Executive Director	2,525
Dongsoo Chung	09/24/1945	Non-Executive Director	480
Seoungwoo Nam	05/13/1952	Non-Executive Director	591
Kyunghee Yoon	01/05/1947	Non-Executive Director	
Sukyoung Cha	06/09/1953	Non-Executive Director	510
Bernard S. Black	11/13/1953	Non-Executive Director	400

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Kihong Kim	01/10/1957	Non-Executive Director	570
Eunjoo Park	06/03/1957	Non-Executive Director	510
Cheolsoo Ahn	01/22/1962	Non-Executive Director	510
Kyungbae Suh	01/14/1963	Non-Executive Director	510

Table of Contents**7.3. Senior Management**

In addition to the executive directors who are also our executive officers, we currently have the following 11 executive officers as of September 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
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	
Jinbaek Chung	10/29/1955	Executive Vice President	
Bonghwan Cho	03/30/1950	Executive Vice President	14,581

7.4. Employees¹

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

(Unit: in millions of Won)

	Number of Employees			Average Tenure of the full-time employees	Total Payment for the 9 Months Period	Average Monthly Payment per Person
	Full-time	Contractual	Total			
Male	13,284	1,218	14,502	15.68	539,993	4.1
Female	5,005	7,477	12,482	12.33	293,836	2.6
Total	18,289	8,695	26,984	14.66	833,829	3.4

7.5. Labor Union²

Under Korea Financial Industry Union, we currently have two union chapters following the merger. There are 8,363 members in former Kookmin Bank chapter and 6,951 members in former H&CB chapter.

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1. Excluding employees hired in local branches overseas and employees of former Kookmin Credit Card
 2. Excluding employees of former Kookmin Credit Card

Table of Contents**8. Related Party Transaction**

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

8.1. Transactions with Largest Shareholders and Affiliates**8.1.1. Investments in Affiliates¹**

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Par Value	Beginning Balance (January 1, 2003)	Increase	Decrease	Ending Balance (September 30, 2003)
KB Real Estate Trust	Affiliate	Equity Securities of Affiliate	79,999	79,999			79,999
KB Investment	Affiliate	Equity Securities of Affiliate	44,708	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
KOMOCO	Affiliate	Equity Securities of Affiliate	30,000	30,000			30,000
Total			229,891	229,891			229,891

1. Excluding Joeeun Industry and Jangeun Securities which have been under liquidation procedures Kookmin Credit Card, a former major affiliate, was merged into the Bank as of September 30, 2003.

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8.1.2. Real Estate Transactions with Affiliates

(Unit: in millions of Won)

Name	Relation with the Bank	Type	Account	Increase	Decrease	Deposits	Rent Fee
KB Credit Information	Affiliate	Building	Rental Income			2,804.35	8.11
KB Real Estate Trust	Affiliate	Building	Rental Income			1,738	
Kookmin Data System	Affiliate	Building	Rental Income			879.36	
Kookmin Futures	Affiliate	Building	Rental Income			1,363.36	
Total						6,785.07	8.11

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	Increase	Decrease	Ending Balance (September 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	1,469	911	1,569
		Loan for Working Capital	1,800			1,800
		Loan for Purchasing	343	474	157	660
Pulmuone Co.	Related party of Non executive director, Seungwoo Nam	General Corporate Loan	4,000		4,000	
		Purchase Card Loan	3,778		3,778	
		Loan for Facility		3,300		3,300
		Facility Finance Loan	1,600		1,600-	
		Purchase Card Loan		1,721		1,721
Pulmouwon Tech co.	Related party of Non executive director, Seungwoo Nam	Note Discount		1,234	1,234	
Food Merce	Related party of Non executive director,	Loan for Purchasing	362	636		998

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Seungwoo Nam				
Pulmouwon Healthy Life	Related party of Non executive director, Seungwoo Nam	General Corporate Loan	978	978
Total			14,912	9,812
			11,698	13,026

Table of Contents**8.2.2. Real Estate Transaction**

(Unit: in millions of Won)

Name	Relation with		Type	Account	Deposits	Rent Fee
	Kookmin Bank					
Haitai	Related party of					
Confectionary & Foods	Non executive director,		Building	Rental Deposit	150	
National Pension Corporation	Shareholder		Building	Rental Income	550	
Pulmuone Life Co.	Related party of					
	Non executive director		Building	Rental Income	10	0.5
Total					710	0.5

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9. Exhibits

9.1. List of Financial Statements

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KOOKMIN BANK

Interim Financial Statements

As of September 30, 2003 and

for the three-month period ended September 30, 2003 and

nine-month periods ended September 30, 2003 and 2002

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KOOKMIN BANK

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September 30, 2003 and 2002

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Report of Independent Accountants

To the Board of Directors and Shareholders of

Kookmin Bank

We have reviewed the accompanying non-consolidated balance sheet of Kookmin Bank (the Bank) as of September 30, 2003, the related non-consolidated statements of operations and cash flows for the three-month and nine-month periods ended September 30, 2003, and statement of operations for the nine-month period ended September 30, 2002, expressed in Korean Won. These financial statements are the responsibility of the Bank s management. Our responsibility is to issue a report on these financial statements based on our review. We have not performed a review of the statement of operations of the Bank for the three-month period ended September 30, 2002 presented herein for comparative purposes.

We conducted our review in accordance with the quarterly and semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Bank s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying non-consolidated financial statements are not presented fairly, in all material respects, in accordance with financial accounting standards generally accepted in the Republic of Korea.

We previously audited in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet as of December 31, 2002, and the related non-consolidated statement of operations, appropriations of retained earnings, and of cash flows for the year then ended, not presented herein, and in our report dated February 7, 2003, we expressed an unqualified opinion on those non-consolidated financial statements. In our opinion, except for the restatement made pursuant to the provisions under Statement of Korean Financial Accounting Standards No. 6, the balance sheet as of December 31, 2002 provided herein for comparative purposes does not differ, in all material respects, from the balance sheet from which it has been derived.

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As discussed in Note 2 to the accompanying non-consolidated financial statements, as of December 2002, the Bank changed the rates for determining the allowances for losses from consumer loans and credit card loans, in anticipation of the increasing risk of loan losses due to the increase in consumer loans and credit card loans, as follows:

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

As a result of the above change, the Bank's allowances for loan losses as of September 30, 2003 are increased by (Won)326,451 million for consumer loans and (Won)381,300 million for credit card loans compared to the amounts that which would have been recorded under the previous rates.

As discussed in Note 33 to the accompanying non-consolidated financial statements, on May 30, 2003, the Bank obtained approval from the Board of Directors to enter into a merger agreement with Kookmin Credit Card Co., Ltd. (the Subsidiary), its majority-owned subsidiary. According to the resolution of the Board of Directors, the Bank merged with the Subsidiary on September 30, 2003. The merger was effected through an exchange of shares with the shareholders of the Subsidiary as of July 24, 2003, besides the Bank, receiving 0.442983 share of the Bank's common stock for each share of the Subsidiary. The total assets and liabilities of the Subsidiary as of September 30, 2003 are (Won)10,595,409 million and (Won)9,391,897 million, respectively.

As discussed in Note 17 to the accompanying non-consolidated financial statements, the Bank sold to Sun Capital Inc., 65.43% of its 85.43% investment in, and (Won)172,024 million of its loans to, Alpha Capital Corp., for (Won)145,000 million on August 30, 2002. The Bank also sold an additional 5.03% of its investment in Alpha Capital Corp. to Sun Capital Inc. for (Won)900 million on October 28, 2002.

As discussed in Note 17 to the accompanying non-consolidated financial statements, the Bank sold its 87.00% investment in Kookmin Investment Trust Management Co., Ltd. to Morgan Stanley Private Equity (the M&A private funds led by Morgan Stanley Global Emerging Markets Inc. and affiliated funds) on May 29, 2002 and sold its 88.66% investment in Kookmin Leasing Co., Ltd. to Sun Capital Inc. on December 27, 2002.

As discussed in Note 4 to the accompanying non-consolidated financial statements, KB Investment Co., Ltd., Frontier Investment Co., Ltd., and Kookmin Investment Co., Ltd. were all previously subsidiaries of the Bank. To avoid duplicate investments, KB Investment Co., Ltd. merged with Frontier Investment Co., Ltd. and Kookmin Investment Co., Ltd. on December 31, 2001 and June 27, 2002, respectively.

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As discussed in Note 17 to the accompanying non-consolidated financial statements, the operations of the Bank may be directly or indirectly affected by the generally unstable economic conditions, and the impact of the implementation of structural reforms in the Republic of Korea. As of September 30, 2003, the Bank's total exposure (including debt securities, beneficiary certificates, and loans) to domestic credit card companies and capital companies amount to (Won)3,204,091 million. Currently, securities issued by credit card companies and capital companies, which are experiencing liquidity problems, are not widely traded in the bond market. The ultimate effect of these circumstances on the financial position of the Bank as of the balance sheet date cannot be presently determined, and accordingly, no adjustments related to such uncertainties have been recorded in the accompanying non-consolidated financial statements.

Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those who are knowledgeable about Korean accounting principles or review standards and their application in practice.

Seoul, Korea

October 15, 2003

This report is effective as of October 15, 2003, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samil Accounting Corporation is the Korean member firm of PricewaterhouseCoopers. PricewaterhouseCoopers refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity

Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED BALANCE SHEETS**

September 30, 2003 and December 31, 2002

(Unaudited See Independent Accountant's Report)

(in millions of Korean Won)

	2003	2002
Assets		
Cash and due from banks (Note 3)	(Won) 7,576,865	(Won) 4,599,356
Securities (Note 4)	30,589,115	30,940,750
Loans (Notes 5 and 6)	139,216,049	126,730,561
Fixed assets (Note 7)	3,069,436	3,092,616
Other assets (Note 8)	9,738,610	6,135,558
Total assets	(Won) 190,190,075	(Won) 171,498,841
Liabilities and Shareholders' Equity		
Deposits (Note 9)	(Won) 128,100,746	(Won) 123,109,653
Borrowings (Note 10)	14,152,348	10,690,754
Debentures (Note 11)	22,113,191	17,539,007
Other liabilities (Note 14)	15,715,943	9,784,798
Total liabilities	180,082,228	161,124,212
Commitments and Contingencies (Notes 15 and 17)		
Common stock (5,000 Won par value, authorized 1 billion shares, and 336,379,116 shares outstanding in 2003) (Notes 1 and 18)	1,681,896	1,641,293
Capital surplus (Note 19)	6,233,045	5,864,752
Retained earnings (Note 20)	2,033,159	2,742,335
Capital adjustments (Note 21)	159,747	126,249
Total shareholders' equity	10,107,847	10,374,629
Total liabilities and shareholders' equity	(Won) 190,190,075	(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 nine months ended September 30, 2003 and 2002

Unaudited See Independent Accountant's Report)

(in millions of Korean Won, except per share amounts)

	Three-month period		Nine-month period	
	2003	2002 (not reviewed)	2003	2002
Interest income				
Interest on due from banks	(Won) 2,630	(Won) 11,656	(Won) 7,797	(Won) 39,314
Interest on trading securities	33,698	24,353	85,516	73,560
Interest on available-for-sale securities	227,041	136,885	571,510	442,571
Interest on held-to-maturity securities	160,623	194,008	524,120	634,260
Interest on loans	2,424,887	2,334,540	7,216,208	6,817,728
Other interest income	23,487	22,632	72,869	80,222
	<u>2,872,366</u>	<u>2,724,074</u>	<u>8,478,020</u>	<u>8,087,655</u>
Interest expenses				
Interest on deposits	1,074,935	1,196,131	3,257,955	3,581,922
Interest on borrowings	93,446	95,376	307,758	306,297
Interest on debentures	257,024	217,401	821,045	578,277
Other interest expenses	18,141	14,768	50,863	49,507
	<u>1,443,546</u>	<u>1,523,676</u>	<u>4,437,621</u>	<u>4,516,003</u>
Net interest income	1,428,820	1,200,398	4,040,399	3,571,652
Provision for loan losses (Note 6)	965,517	337,860	2,651,281	946,200
Net interest income after provision for loan losses	<u>463,303</u>	<u>862,538</u>	<u>1,389,118</u>	<u>2,625,452</u>
Non-interest income				
Fees & commission income	339,278	335,028	1,021,107	1,013,260
Dividends on trading securities	119	71	1,633	1,123
Dividends on available-for-sale securities	253	378	5,541	18,832
Gain on foreign currency transactions	35,177	68,940	201,103	142,416
Gain on derivatives transactions (Note 16)	485,198	537,473	1,802,395	1,297,454
Others (Note 22)	659,108	198,944	946,633	1,041,069
	<u>1,519,133</u>	<u>1,140,834</u>	<u>3,978,412</u>	<u>3,514,154</u>
Non-interest expenses				
Fees and commission expenses	53,966	82,065	146,344	254,248
General and administrative expenses (Note 23)	646,023	681,928	1,856,802	1,773,528
Loss on foreign currency transactions	44,988	17,797	174,004	182,178
Loss on derivatives transactions (Note 16)	486,063	441,130	1,767,507	1,134,410
Others (Note 22)	569,392	248,325	944,481	800,811

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	1,800,432	1,471,245	4,889,138	4,145,175
Operating income (loss)	182,004	532,127	478,392	1,994,431
Non-operating income (expenses), net (Note 24)	(880,416)	(7,213)	(1,215,128)	191,733
Net income (loss) before income tax expense	(698,412)	524,914	(736,736)	2,186,164
Income tax expense (benefit) (Note 25)	(356,971)	176,070	(354,627)	673,296
Net income (loss)	(Won) (341,441)	(Won) 348,844	(Won) (382,109)	(Won) 1,512,868
Basic earnings (loss) per share (In Korean Won) (Note 26)	(Won) (1,050)	(Won) 1,101	(Won) (1,175)	(Won) 4,624

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 nine months ended September 30, 2003

Unaudited See Independent Accountant's Report)

<i>(in millions of Korean Won)</i>	2003	
	Three-month period	Nine-month period
Cash flows from operating activities		
Net loss	(Won) (341,441)	(Won) (382,109)
Adjustments to reconcile net loss to net cash provided by operating activities		
Realized gain on trading securities, net	(10,399)	(64,005)
Unrealized gain on trading securities, net	(25,805)	(71,324)
Provision for loan losses due to merger	1,652,264	1,652,264
Loss (gain) on foreign currency transactions, net	9,811	(27,099)
Provision for loan losses	965,517	2,651,281
Reversal of losses from guarantees and acceptances	(122,940)	(194)
Gain on derivatives transactions, net	865	(34,888)
Gain on valuation of derivatives, net	(35,755)	(39,633)
Gain on fair value hedged items	(14,405)	(6,329)
Retirement benefits	24,371	70,361
Depreciation and amortization	117,430	328,342
Loss on disposal of fixed assets, net	(378)	33,175
Realized gain on available-for-sale securities, net	(199,476)	(280,640)
Impairment on available-for-sale securities, net	34,965	68,226
Realized gain on held-to-maturity securities	(953)	(2,221)
Unrealized gain on investment in associates, net	(588,380)	(238,738)
Loss on sale of loans, net		1,633
Others, net	(5,658)	(18,474)
Changes in assets and liabilities resulting from operations		
Accrued income	(143,020)	(118,636)
Prepaid expenses	(196,205)	(225,370)
Deferred tax assets	(191,059)	(340,985)
Other assets	(165)	3,002
Accrued expenses	(49,707)	(224,215)
Unearned income	(17,496)	(26,658)
Withholding taxes	(9,532)	2,682
Other liabilities	42,987	318,544
Retirement benefits	(3,686)	(10,909)
Accounts payable		384
Account for agency business	(20,572)	(31,324)
Deferred tax liabilities		(17,298)
Stock compensation expense (reversal)	736	(1,947)
Net cash provided by operating activities	871,914	2,966,898

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 nine months ended September 30, 2003

Unaudited See Independent Accountant's Report)

<i>(in millions of Korean Won)</i>	2003	
	Three-month period	Nine-month period
Cash flows from investing activities		
Increase in due from banks	(Won) (1,388,617)	(Won) (2,088,361)
Decrease in trading securities	931,748	1,808,666
Decrease in available-for-sale securities	3,431,662	839,688
Increase in loans granted, net	(3,690,657)	(10,432,242)
Proceeds from disposal of fixed assets	13,640	143,382
Acquisition of fixed assets	(78,586)	(248,530)
Acquisition of intangible assets	(55)	(396)
Proceeds from disposal of foreclosed assets	205	338
Acquisition of foreclosed assets	(165)	
Increase in guarantee deposits	(1,270)	(22,316)
Increase in other accounts receivable	(1,210,148)	(2,902,319)
Increase in payments in advance	(10,838)	(38,521)
Decrease in derivatives assets, net	50,073	114,609
(Payments for) collection of domestic exchange receivables	(52,541)	712,147
Collection of loans to trust accounts	1,135	37,883
Net cash used in investing activities	(2,004,414)	(12,075,972)
Cash flows from financing activities		
Increase in deposits, net	404,390	4,996,889
(Decrease) increase in borrowings, net	(1,636,620)	1,000,842
Increase (decrease) in debentures, net	135,781	(357,977)
Increase in borrowings from trust accounts	1,363,680	2,098,229
Decrease in dividend payable	(3)	(325,235)
Increase in other accounts payable	922,429	2,458,625
(Decrease) increase in advances received from customers	(799,923)	369,692
(Decrease) increase in guarantee deposits received	(569)	(7,798)
(Decrease) increase in domestic exchange payables	(114,596)	(305,948)
Increase in liabilities incurred by agency relationships	109,503	59,424
Stock options exercised		(35)
Acquisition of treasury stock	(29,094)	(29,094)
Sale of treasury stock		50
Net cash provided by financing activities	354,978	9,957,664
Net increase (decrease) in cash and cash equivalents	(777,522)	848,590
Cash and cash equivalents, beginning of the period (Note 34)	4,726,693	3,100,581
Increase due to merger	33,343	33,343
Cash and cash equivalents, end of the period (Note 34)	(Won) 3,982,514	(Won) 3,982,514

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 September 30, 2003 and December 31, 2002 and

for the three-month and nine-month periods ended September 30, 2003 and 2002

(Unaudited - See Independent Accountant's 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 (Note 32) and merged with Kookmin Credit Card Co., Ltd. (the Subsidiary, its majority-owned subsidiary, on September 30, 2003 (Note 33).

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 September 30, 2003, the Bank's paid-in capital amounts to (Won)1,681,896 million and 35,729,664 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 businesses according to the provisions of the General Banking Act and the Trust Business Act and operates through 1,255 domestic branches and offices (excluding ATMs) and three overseas branches as of September 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.

Basis of Financial Statement Presentation

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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.

The preparation of the non-consolidated financial statements in conformity with financial accounting standards 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 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.

The significant accounting policies adopted by the Bank in the preparation of its interim financial statements are identical to the accounting policies followed by the Bank in the preparation of its 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 nine months ended September 30, 2002 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 September 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 September 30, 2003 and December 31, 2002 and

for the three-month and nine-month periods ended September 30, 2003 and 2002

(Unaudited - See Independent Accountant's Report)

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. As of September 30, 2003, the Bank has non-accrual loans and securities of (Won)10,681,874 million and (Won)380,497 million, respectively, with related foregone interest of (Won)665,046 million and (Won)191,727 million, respectively. However, loan balance of Kookmin Credit Card Co., Ltd. was not included in the above amount.

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. (September 30, 2003, USD 1:(Won)1,150.2) at the 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 the 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:

<u>Credit Risk Classification</u>	<u>Credit Ratings before Changes</u>	<u>Credit Ratings after Changes</u>	<u>Allowance Rates</u>
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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 corporate loans, consumer loans, and credit card loans were changed as follows:

Credit Risk Classification	Allowance Rates	Allowance Rates after Changes		
	before Changes	Corporate	Consumer	Credit Cards
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 September 30, 2003 are increased by (Won)326,451 million for consumer loans and (Won)381,300 million for credit card loans compared to the amounts which would have been recorded under the previous rates.

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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

for the three-month and nine-month periods ended September 30, 2003 and 2002

(Unaudited - See Independent Accountant's Report)

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)13,940 million of present value discounts as of September 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. Trading and available-for-sale debt securities are carried at fair value as provided by private bond pricing institutions.

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.

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.

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.

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

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

for the three-month and nine-month periods ended September 30, 2003 and 2002

(Unaudited - See Independent Accountant's Report)

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	4-5 years
Equipment and vehicles	Declining balance method	4-5 years

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:

<u>Intangible Asset</u>	<u>Amortization Method</u>	<u>Estimated Useful Life</u>
Goodwill	Straight-line method	9 years
Development costs	Straight-line method	5 years
Trademarks	Straight-line method	1-10 years

Others

Straight-line method

7-30 years

The Bank estimated the useful life of endowment assets that are beneficial upon usage, classified under other intangible assets, as 30 years based on the term of the contract.

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.

Development costs directly related to new technology or new products (including costs related to software development) are capitalized as intangible assets to the extent that the estimated future benefits are probable.

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.

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.

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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

for the three-month and nine-month periods ended September 30, 2003 and 2002

(Unaudited - See Independent Accountant's Report)

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.

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 (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.

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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 compensation as compensation from banking accounts. There were no compensations paid for the nine-month period ended September 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 September 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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3. Cash and Due from Banks

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

		<u>2003</u>	<u>2002</u>
Cash on hand			
Cash in Won		(Won) 3,040,602	(Won) 2,392,346
Cash in foreign currencies		208,123	186,780
		<u>3,248,725</u>	<u>2,579,126</u>
Due from banks in Won			
The Bank of Korea	Reserve deposits in the Bank of Korea	3,424,674	1,340,482
Other banks	Time deposits	21,346	41,192
	Reserve deposits in other banks	79	392
	Certificates of deposits	13,343	
		<u>34,768</u>	<u>41,584</u>
Other financial institutions	Deposits at Mutual Savings & Finance Co., Ltd.	140,000	140,000
Others	Futures margin accounts	748	1,336
	Market participation margin	454	458
	Other deposits		8,319
		<u>1,202</u>	<u>10,113</u>
		<u>3,600,644</u>	<u>1,532,179</u>
	Present value discounts*	(13,940)	(21,156)
		<u>3,586,704</u>	<u>1,511,023</u>
Due from banks in foreign currencies			
The Bank of Korea	Demand deposits	35,409	25,677

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Other banks	Demand deposits	52,971	104,073
	Time deposits	4,601	15,193
		<u>57,572</u>	<u>119,266</u>
Off-shore	Demand deposits	643,624	359,200
Others	Other deposits	4,831	5,064
		<u>741,436</u>	<u>509,207</u>
		<u>(Won) 7,576,865</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 September 30, 2003 are as follows (in millions of Won):

	Due from Banks	Due from Banks	Total
	in Won	in Foreign Currencies	
Due in 3 months or less	(Won) 3,459,298	(Won) 622,275	(Won) 4,081,573
Due after 3 months through 6 months		119,161	119,161
Due after 6 months through 1 year	154		154
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) 3,600,644</u>	<u>(Won) 741,436</u>	<u>(Won) 4,342,080</u>

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4. Securities

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

	Amortized Cost	Fair value
Equity securities	(Won) 87,657	(Won) 90,361
Beneficiary certificates	1,587,026	1,646,212
Government and municipal bonds	707,071	713,258
Corporate bonds	1,124,913	1,127,664
Asset-backed securities	425,645	426,141
	<u>(Won) 3,932,312</u>	<u>(Won) 4,003,636</u>

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

	Amortized Cost/			Fair value
	Acquisition Cost	Unrealized gain	Unrealized loss	
Available-for-sale				
Equity securities	(Won) 446,437	(Won) 27,280	(Won) (21,072)	(Won) 452,645
Investment in funds	25,958	1,827		27,785
Beneficiary certificates	7,217,520	152,041		7,369,561
Government and municipal bonds	3,004,758	51,777	(1,672)	3,054,863
Foreign government debt securities	11,406	2,556		13,962
Corporate bonds	8,492,389	101,493	(3,106)	8,590,776
Asset-backed securities	518,738	20,228		538,966
Other debt securities	86			86
	<u>19,717,292</u>	<u>357,202</u>	<u>(25,850)</u>	<u>20,048,644</u>
Held-to-maturity				

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Government and municipal bonds ^{1*}	2,410,646	141,062	(64)	2,551,644
Corporate bonds	3,334,502	120,212	(1,858)	3,452,856
Asset-backed securities	346,282	7,281		353,563
Other debt securities	1,835			1,835
	<u>6,093,265</u>	<u>268,555</u>	<u>(1,922)</u>	<u>6,359,898</u>
	<u>(Won) 25,810,557</u>	<u>(Won) 625,757</u>	<u>(Won) (27,772)</u>	<u>(Won) 26,408,542</u>

1* The government and municipal bonds included in held-to-maturity securities are under lending agreements with two companies, including Halla Construction, amounting to (Won)70,293 million.

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

Issuer	Owner-ship (%)	Acquisition Cost	Beginning Balance ^{7*}	Unrealized Gains (Losses) ^{10*}			Balance Sheet Amount ^{9*}
				NI ^{8*}	R/E. ^{8*}	C/A ^{8*}	
Domestic associates							
KB Investment Co., Ltd. ^{1*}	99.89	(Won) 155,311	(Won) 67,289	(Won) 4,969	(Won) (2,334)	(Won) 10,893	(Won) 80,817
Kookmin Data System Co., Ltd.	99.98	7,998	13,616	183			13,799
Kookmin Futures Co., Ltd.	99.98	19,996	24,092	1,120			25,212
KLB Securities Co., Ltd. ^{2*}	36.41	10,316					
KB Investment Trust Mgt. Co., Ltd. ^{3*}	80.00	39,015	36,667	6,068		48	42,783
Joeun Industrial Co., Ltd. ^{2*}	99.99	23,994					
KB Real Estate Trust Co., Ltd. ^{4*}	99.99	76,103	87,727	6,487	(336)	336	94,214
KB Credit Information Co., Ltd. ^{5*}	66.34	8,443	9,107	1,745			10,852
ING Life Korea Co., Ltd. ^{6*}	20.00	21,769	21,613	16,366		(3)	37,976
Korea Mortgage Co., Ltd.	26.67	30,629	33,566	907		(206)	34,267
		393,574	293,677	37,845	(2,670)	11,068	339,920
Overseas associates							
Kookmin Bank Int'l, Ltd. (London)	100.00	38,500	47,424	307			47,731
Kookmin Bank Luxembourg S.A. ^{2*}	100.00	22,004	5,406	(5,406)			
Kookmin Singapore, Ltd. ^{2*}	100.00	12,123	1,997				1,997
Kookmin Finance Asia, Ltd. (HK) ^{2*}	100.00	8,403	268	6			274
Kookmin Finance HK, Ltd.	100.00	24,008	58,863	(5,215)			53,648
		105,038	113,958	(10,308)			103,650
		(Won) 498,612	(Won) 407,635	(Won) 27,537	(Won) (2,670)	(Won) 11,068	(Won) 443,570

^{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., Joeun Industrial Co., Ltd., Kookmin Singapore (Merchant Bank), Ltd. and Kookmin Finance Asia, Ltd. (HK) are in the process of liquidation and during the current period, Kookmin Bank Luxembourg S.A. has been excluded from the application of the equity method accounting. Accordingly, the Bank did not recognize losses from these investments amounting to (Won)37,755 million, for the nine month period ended September 30, 2003.

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

^{4*} Joeun Real Estate Trust Co., Ltd. changed its name to KB Real Estate Trust Co., Ltd., effective as of September 16, 2002.

^{5*}

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Joeun 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.

- 6* The Bank applied the equity method based on the amended financial statements of ING Life Korea Co., Ltd. after recording (Won)25,122 million of income taxes.
- 7* The beginning balance is adjusted by dividends and changes in foreign exchange rate from the prior year's book value.
- 8* NI : Net Income, R/E : Retained Earnings, C/A : Capital Adjustments
- 9* The balance sheet amount is recorded using the unaudited monthly closing information of related parties as of September 30, 2003.
- 10* The bank merged with Kookmin Credit Card Co., Ltd. on September 30, 2003. As a result, unrealized gain on investment in associates amounting to (Won)211,201 million in net income and (Won)677 million in capital adjustments are excluded from the presentation above.

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

	Issuer	Amortized Cost/ Acquisition Cost	Impairment Loss	Book Value
Equity Securities				
Marketable	KP Chemical Co., Ltd.	(Won) 20,466	(Won) 12,615	(Won) 7,851
	Saehan Industries, Inc.	4,955	1,685	3,270
	Namkwang Engineering & Construction	2,797	1,370	1,427
	Shinwon Corp.	662	490	172
	Boo Hung Co., Ltd.	254	194	60
	Huneed Technologies	7	5	2
	Namsun Aluminum Co., Ltd.	507	184	323
	Hyundai Metal Co., Ltd. (preferred stock)	60	21	39
	Hanchang	6	5	1
	C&H Capital	3,867	662	3,205
	Digital Camp Co., Ltd.	521	358	163
	Kang Lim Co., Ltd.	77	54	23
	Seo Han Co., Ltd.	115	41	74
	Ssangyong Engineering & Construction Co., Ltd.	140	19	121
			<u>34,434</u>	<u>17,703</u>
Non-marketable	Daewoo Electronics Corp.	9,862	2,752	7,110
	Integra Telecom. Co., Ltd.	2,000	2,000	
	Mybi Co., Ltd.	1,200	840	360
	A-Cash Inc.	1,275	835	440
	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
	Vcash Co., Ltd.	755	403	352
	Space Technology Co., Ltd.	625	598	27
	Lemarco Co., Ltd.	500	484	16
	Daerim Corporation (preferred stock)	526	382	144
	Yalge Network, Inc.	500	198	302
	DiS, Inc.	500	195	305
	Korea Virtual Payment Co., Ltd.	400	228	172
	Daeyu System	300	300	
CCKvan.Co., Ltd.	250	250		

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PointPark Co., Ltd.	200	171	29
NeoBill Co., Ltd.	60	33	27
Korea Asset Investment Co., Ltd.	32	24	8
The Korea Economic Daily Co., Ltd.	59	20	39
Coramdeo Credit Information Co., Ltd.	200	200	
Busan Environment Development Co., Ltd.	10	10	
Asia Finance and Investment Corp.	1,129	41	1,088
Baring Communications	2,441	103	2,338
	<u>27,457</u>	<u>12,851</u>	<u>14,606</u>

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	Issuer	Amortized Cost/	Impairment	Book Value
		Acquisition Cost	Loss	
Investment in funds	Kookmin securitization	4	4	
Beneficiary certificates	Hyundai Clean MMF	2,505	1,753	752
	New Power Private Placement Bonds	502	173	329
	Hyundai New MMF 2-12	291	196	95
	Seoul Crystal New MMF E-1	545	324	221
		3,843	2,446	1,397
		65,738	33,004	32,734
Debt securities				
Debt securities denominated in Korean Won				
	SK Networks	48,815	33,770	15,045
	Hynix Semiconductor Inc.	24	17	7
	Kookmin 3 rd securitization 1-6	6,500	6,500	
	Kookmin 4 th securitization 1-7	6,020	2,815	3,205
		61,359	43,102	18,257
Debt securities denominated in foreign currencies				
	Southern Petro Chemical Industry	3,364	2,501	863
	Berjaya Group Cap (Cayman)	1,828	87	1,741
	China Const. Holdings	1,003	615	388
	NK Telecom	12	12	
	Tuntex	604	138	466
	Jindo Hong Kong, Ltd.	26	15	11
	Shin Ho Paper Mfg. Co., Ltd.	1,716	95	1,621
	Daewoo Telecom Co., Ltd.	315	114	201
		8,868	3,577	5,291
		70,227	46,679	23,548
		(Won) 135,965	(Won) 79,683	(Won) 56,282

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For the nine-month period ended September 30, 2003, the recovery of impairment losses on available-for-sale securities comprise (Won)6,093 million related to the Kookmin SPEs 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 September 30, 2003 are summarized as follows (in millions of Won):

<u>Maturities</u>	<u>Available-for-sale</u>		<u>Held-to-maturity</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in 1 year or less	(Won) 10,323,157	(Won) 10,507,701	(Won) 1,004,940	(Won) 1,018,634
Due after 1 year through 5 years	8,433,611	8,556,705	4,837,085	5,058,098
Due after 5 years through 10 years	476,515	491,862	251,240	283,166
Thereafter	11,614	11,946		
	<u>(Won) 19,244,897</u>	<u>(Won) 19,568,214</u>	<u>(Won) 6,093,265</u>	<u>(Won) 6,359,898</u>

For the nine-month period ended September 30, 2003, total interest income on securities amounts to (Won)1,181,146 million.

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

<u>Issuer</u>	<u>Acquisition Cost</u>	<u>Net Asset Value</u> ^{1*}	<u>Balance Sheet Amount</u>
Korea Housing Guarantee Co., Ltd.	(Won) 68,648	(Won) 119,991	(Won) 68,648
Dongbu Electronics Co., Ltd.	30,000	9,436	30,000
Mastercard, Inc.	11,118	5,558	11,118
Asia Credit	11,502	10,528	9,478
The Korea Securities Finance Corp.	8,160	11,003	8,160
Korea Asset Management Corp.	7,827	12,436	7,827
Samsung Life Insurance Co., Ltd.	7,479	9,678	7,479
Daewoo Electronics Corp.	9,862	7,293	7,110
Korea Highway Corp.	6,248	5,892	6,248
Daewoo Motor Co., Ltd.	5,633	12,170	5,633
Bc Card Co., Ltd.	5,738	7,497	5,738
E 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.	2,447	2,447	2,447
Baring Communication	4,716	2,338	2,338
Korea Digital Satellite Broadcasting Co., Ltd.	2,157	815	2,157
Kyobo Investment Trust Management Co., Ltd.	2,100	3,417	2,100
Pan Asia Paper	3,371	2,118	2,118
Others	87,880	49,038	38,979
	<u>(Won) 291,721</u>	<u>(Won) 292,246</u>	<u>(Won) 234,413</u>

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

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

	<u>Amount</u>	<u>Ratio (%)</u>
By Country		
Korea	(Won) 30,127,302	98.49
USA	121,912	0.40
UK	53,265	0.17
Philippines	40,953	0.13
Luxembourg	28,780	0.09
Indonesia	20,073	0.07
India	16,057	0.05
Mexico	13,962	0.05
Hong Kong and China	61,930	0.20
Cayman Islands	47,747	0.16
Australia	17,195	0.06
Others	39,939	0.13
	<u>(Won) 30,589,115</u>	<u>100.00</u>
By Type		
Fixed rate bonds	(Won) 17,188,527	56.20
Floating rate bonds	2,377,695	7.77
Subordinated bonds	741,574	2.42
Convertible bonds	143,827	0.47
Beneficiary certificates	9,015,773	29.47
Equity securities	986,576	3.23
Others	135,143	0.44
	<u>(Won) 30,589,115</u>	<u>100.00</u>
By Industry		
Government and municipalities	(Won) 10,832,304	35.41
Financial institutions	18,181,038	59.44
Manufacturing industries	1,103,628	3.61
Others	472,145	1.54
	<u>(Won) 30,589,115</u>	<u>100.00</u>

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5. Loans

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

<u>Account</u>	<u>Detailed Account</u>	<u>2003</u>	<u>2002</u>
Loans in Won			
Corporate loans	Operation loans		
	General operation loans	(Won) 30,045,497	(Won) 28,904,621
	Notes discounted	1,591,684	1,851,133
	Overdraft accounts	711,127	568,702
	Trading notes	900,420	814,759
	Other operation loans	3,966,417	3,229,851
		<u>37,215,145</u>	<u>35,369,066</u>
	Facility loans		
	General facility loans	5,559,135	4,676,506
	Other facility loans	1,233,646	1,287,125
		<u>6,792,781</u>	<u>5,963,631</u>
		<u>44,007,926</u>	<u>41,332,697</u>
Consumer loans	General consumer loans	41,903,822	39,713,543
	Consumer housing loans	37,175,741	33,731,435
	Remunerations on mutual installment savings	264,073	131,768
	Other consumer loans	689,352	632,172
		<u>80,032,988</u>	<u>74,208,918</u>
Public loans	Public operation loans	500,892	738,632
	Public facility loans	42,155	39,414
		<u>543,047</u>	<u>778,046</u>

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Other loans	Property formation loans	73,734	95,252
	Inter-bank loans	16,412	20,941
	Others	4,230	5,449
		<u>94,376</u>	<u>121,642</u>
		<u>124,678,337</u>	<u>116,441,303</u>
Loans in foreign currencies	Domestic funding loans	1,144,661	1,052,800
	Overseas funding loans	821,077	933,010
	Inter-bank loans	666,482	1,094,119
	Domestic usance bills	1,198,775	1,334,006
	Government funding loans	1,584	3,241
		<u>3,832,579</u>	<u>4,417,176</u>
Call Loans	In Won	1,226,400	33,600
	In foreign currencies	154,242	248,857
	Inter-bank reconciliation funds		89,287
		<u>1,380,642</u>	<u>371,744</u>
Privately placed debentures		<u>1,490,191</u>	<u>1,276,080</u>
Other loans		<u>12,385,186</u>	<u>6,633,396</u>
Allowances for loan losses (Note 6)		<u>(4,525,440)</u>	<u>(2,378,696)</u>
Present value discounts		<u>(25,446)</u>	<u>(30,442)</u>
		<u>(Won) 139,216,049</u>	<u>(Won) 126,730,561</u>

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

	Period	Balances Before Restructuring	Exemption ^{1*}	Equity Conversion	CB Conversion	Restructured Amount	Present Value Discounts
Workout	1- 6	(Won) 127,500	(Won)	(Won) 3,408	(Won)	(Won) 124,092	(Won) 7,111
Court receivership	5-10	30,622	154	5,162		25,306	5,524
Court mediation	5- 6	16,542				16,542	279
Others	2 -7	551,530	353,257	516	2,706	195,051	12,532
		(Won) 726,194	(Won) 353,411	(Won) 9,086	(Won) 2,706	(Won) 360,991	(Won) 25,446

1* The Bank wrote off (Won)234,714 million of loans to SK Networks, (formerly called SK Global) in expectation of a cash buy out restructuring. In addition, the Bank provided an allowance amounting to (Won)2,047 million for the remaining loan balance of (Won)118,543 million as of September 30, 2003.

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 the equity interest is adjusted in the related allowance for loan losses.

The maturities of loans as of September 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
Due in 3 months or less	(Won) 18,635,944	(Won) 1,401,574	(Won) 495,957	(Won) 6,736,300	(Won) 1,380,642	(Won) 103,224	(Won) 748,426
Due after 3 months through 6 months	14,070,032	636,919	51,687	1,025,943		176,568	38
Due after 6 months through 1 year	28,603,545	393,361	5,405	1,477,158		353,334	57
Due after 1 year through 2 years	26,991,676	187,445	6,950	891,999		236,782	6,311
Due after 2 years through 3 years	19,943,730	300,555	6,369	466,584		309,425	
Due after 3 years through 4 years	2,828,070	238,208	2,973	28,987		310,082	
Due after 4 years through 5 years	2,916,219	142,295		398,980		776	

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Thereafter

10,689,121

532,222

4,260

30,802

(Won) 124,678,337 (Won) 3,832,579 (Won) 569,341 (Won) 11,030,211 (Won) 1,380,642 (Won) 1,490,191 (Won) 785,634 (W

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(Unaudited - See Independent Accountant's Report)

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

	Loans in Won	Loans in Foreign Currencies	Others	Total	Percentage (%)
By Country					
Korea	(Won) 124,678,337	(Won) 3,182,723	(Won) 15,174,793	(Won) 143,035,853	99.49
Southeast Asia		208,366	39,415	247,781	0.17
Russia		113,870		113,870	0.08
China		10,429	2	10,431	0.01
Japan		230,586	11	230,597	0.16
Others		86,605	41,798	128,403	0.09
	(Won) 124,678,337	(Won) 3,832,579	(Won) 15,256,019	(Won) 143,766,935	100.00

Industrial loans

Financial institutions	(Won) 765,338	(Won) 618,194	(Won) 2,024,935	(Won) 3,408,467	2.37
Manufacturing companies	14,977,389	1,749,627	1,256,918	17,983,934	12.51
Service companies	23,211,946	1,016,696	594,489	24,823,131	17.27
Others	5,472,902	137,741	1,441,047	7,051,690	4.90
	44,427,575	3,522,258	5,317,389	53,267,222	37.05
Household loans	80,102,443	154,596	9,935,229	90,192,268	62.74
Public and other loans	148,319	155,725	3,401	307,445	0.21
	(Won) 124,678,337	(Won) 3,832,579	(Won) 15,256,019	(Won) 143,766,935	100.00

6. Allowances for Loan Losses

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

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<u>Allowance for</u>	<u>2003</u>	<u>2002</u>
Loans in Won	(Won) 2,622,980	(Won) 1,905,065
Loans in foreign currencies	64,561	103,838
Bills bought in Won and foreign currencies	17,519	20,213
Payments on guarantees	25,049	18,382
Credit card accounts	1,738,066	284,491
Privately placed debentures	15,431	28,210
Loans due for equity conversion	3,247	5,373
Factoring receivable	14,730	143
Suspense receivables	17,664	11,022
Others	6,193	1,959
	<u>(Won) 4,525,440</u>	<u>(Won) 2,378,696</u>

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As of September 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) 113,933,782	(Won) 6,045,635	(Won) 3,234,116	(Won) 1,098,215	(Won) 346,564	(Won) 124,658,312
	Allowances	765,723	254,084	666,707	589,902	346,564	2,622,980
	Percentage(%)	0.67	4.20	20.61	53.71	100.00	2.10
Loans in foreign currencies	Loan balance	3,483,916	272,179	55,410	9,691	8,172	3,829,368
	Allowances	14,087	16,745	19,924	5,633	8,172	64,561
	Percentage(%)	0.40	6.15	35.96	58.13	100.00	1.69
Bills bought	Loan balance	498,395	54,133	319	5,145	10,511	568,503
	Allowances	2,492	1,083	64	3,369	10,511	17,519
	Percentage(%)	0.50	2.00	20.06	65.48	100.00	3.08
Payments on guarantees	Loan balance	63,094	8,949	21,430	14,407	12,655	120,535
	Allowances	315	567	4,286	7,226	12,655	25,049
	Percentage(%)	0.50	6.34	20.00	50.16	100.00	20.78
Credit card accounts	Loan balance	6,977,740	2,113,535	416	1,317,993	620,527	11,030,211
	Allowances	72,962	253,698	83	790,796	620,527	1,738,066
	Percentage(%)	1.05	12.00	19.95	60.00	100.00	15.76
Bonds purchased under resale agreements	Loan balance	600,000					600,000
	Allowances						
	Percentage(%)						
Call loans	Loan balance	1,380,642					1,380,642

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Allowances							
Percentage(%)							
Privately placed							
debentures	Loan balance	1,435,209	30,056	21,205	1,823	1,854	1,490,147
	Allowances	7,177	601	4,876	923	1,854	15,431
Percentage(%)		0.50	2.00	22.99	50.63	100.00	1.04
Factoring							
receivables	Loan balance	29,474		3,672		13,338	46,484
	Allowances	147		1,245		13,338	14,730
Percentage(%)		0.50		33.91		100.00	31.69
Loans due for equity conversion							
Loans due for equity conversion	Loan balance	15,650	1,637				17,287
	Allowances	3,083	164				3,247
Percentage(%)		19.70	10.02				18.78
Total loans	Loan balance ^{1*}	(Won) 128,417,902	(Won) 8,526,124	(Won) 3,336,568	(Won) 2,447,274	(Won) 1,013,621	(Won) 143,741,489
	Allowances ^{2*}	865,986	526,942	697,185	1,397,849	1,013,621	4,501,583
Percentage(%)		0.67	6.18	20.90	57.12	100.00	3.13

1* The above amounts of loan balances are net of present value discounts.

2* The above amounts of allowances for loan losses do not include the allowances for suspense receivables and other allowances.

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For the nine-month period ended September 30, 2003, the movements in allowances for loan losses are as follows (in millions of Won):

Beginning balance	(Won) 2,378,696
Increase due to:	
Provision for loan losses	2,651,281
Collection of written-off loans	375,885
Troubled debt restructuring	1,984
Repurchase of loans sold	11,918
Increase due to merger	1,388,854
	<u>4,429,922</u>
Decrease due to:	
Write-off of loans	1,963,191
Sale of loans	3,072
Conversion of loans into equity securities	43,370
Exemption of loans	260,175
Offset with present value discounts from troubled debt restructuring	8,528
Others	4,842
	<u>2,283,178</u>
Ending balance	<u>(Won) 4,525,440</u>

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7. Fixed Assets

Fixed assets as of September 30, 2003 are as follows (in millions of Won):

	<u>Land</u>	<u>Buildings and structures</u>	<u>Leasehold improvement</u>	<u>Equipment and vehicles</u>	<u>Construction in-progress</u>	<u>Total</u>
Acquisition cost						
Beginning balances	(Won) 1,175,682	(Won) 848,746	(Won) 98,117	(Won) 1,043,969	(Won) 1,195	(Won) 3,167,709
Acquisition	1,640	7,069	10,767	124,612	61,100	205,188
Transfer		16,569	26,773		(43,342)	
Increase due to merger	55,529	71,024	4,805	263,897		395,255
Disposal	(128,670)	(2,685)	(494)	(35,382)		(167,231)
	<u>1,104,181</u>	<u>940,723</u>	<u>139,968</u>	<u>1,397,096</u>	<u>18,953</u>	<u>3,600,921</u>
Accumulated depreciation						
Beginning balances		108,723	48,164	533,675		690,562
Depreciation expense		14,706	27,963	226,769		269,438
Increase due to merger		12,976	2,786	160,381		176,143
Disposal		(212)	(337)	(33,688)		(34,237)
		<u>136,193</u>	<u>78,576</u>	<u>887,137</u>		<u>1,101,906</u>
Book Value	<u>(Won) 1,104,181</u>	<u>(Won) 804,530</u>	<u>(Won) 61,392</u>	<u>(Won) 509,959</u>	<u>(Won) 18,953</u>	<u>(Won) 2,499,015</u>

Fixed assets covered by insurance policies as of September 30, 2003 are as follows (in millions of Won):

	<u>Amount Insured</u>	<u>Insurance Company</u>	<u>Type of Insurance</u>
Buildings and structures	(Won) 663,393	Samsung Fire & Marine Insurance Co., Ltd	General property insurance
Leasehold improvement	65,385	Samsung Fire & Marine Insurance Co., Ltd	General property insurance

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Equipment and vehicles	459,456	Samsung Fire & Marine Insurance Co., Ltd	General property insurance
Construction in-progress	9,259	Samsung Fire & Marine Insurance Co., Ltd	General property insurance
	<u>(Won) 1,197,493</u>		

Intangible assets as of September 30, 2003 are as follows (in millions of Won):

	<u>Goodwill</u>	<u>Development costs</u>	<u>Rights to income on donated asset</u>	<u>Store possessory right</u>	<u>Trademarks</u>	<u>Others</u>	<u>Total</u>
Beginning balances	(Won) 613,705	(Won)	(Won) 110	(Won) 161	(Won) 11	(Won) 470	(Won) 614,457
Acquisition					28	368	396
Increase due to merger		13,634			62		13,696
Amortization	(58,759)		(6)	(16)	(6)	(117)	(58,904)
Ending balances	<u>(Won) 554,946</u>	<u>(Won) 13,634</u>	<u>(Won) 104</u>	<u>(Won) 145</u>	<u>(Won) 95</u>	<u>(Won) 721</u>	<u>(Won) 569,645</u>

The Bank recoded (Won)74,756 million as current development cost under general and administrative expenses for the nine-month period ended September 30, 2003.

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The total government-posted prices of land, used for tax imposition and compensation for confiscation, as of September 30, 2003 are as follows (in millions of Won):

	<u>Book value</u>	<u>Appraisal value</u>
Lands included in tangible assets	(Won) 1,104,181	(Won) 986,398
Lands included in foreclosed assets	1,315	591
	<u>(Won) 1,105,496</u>	<u>(Won) 986,989</u>

Foreclosed and other properties, as of September 30, 2003 and December 31, 2002 are as follows (in millions of Won):

	<u>2003</u>	<u>2002</u>
Acquisition cost	(Won) 1,522	(Won) 2,099
Allowance for foreclosed and other properties	(746)	(1,087)
	<u>(Won) 776</u>	<u>(Won) 1,012</u>

8. Other Assets

Other assets as of September 30, 2003 and December 31, 2002 are as follows (in millions of Won):

	<u>2003</u>	<u>2002</u>
Guarantee deposits paid	(Won) 1,350,090	(Won) 1,235,362
Accounts receivable	4,783,521	1,877,645
Accrued income	1,317,490	981,141

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Payments in advance	102,410	48,390
Prepaid expenses	266,036	12,646
Deferred tax assets (Note 25)	512,423	170,624
Derivative assets (Note 16)	997,777	660,791
Unsettled domestic exchange assets	375,441	1,087,587
Loans to trust accounts		37,882
Others	33,422	23,490
	<u> </u>	<u> </u>
	(Won) 9,738,610	(Won) 6,135,558
	<u> </u>	<u> </u>

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9. Deposits

Deposits as of September 30, 2003 and December 31, 2002 are as follows (in millions of Won):

	Annual interest (%)		
	September 30, 2003	2003	2002
Deposits in Won			
Demand deposits			
- Checking deposits		(Won) 120,669	(Won) 134,222
- Household checking deposits	0.10	453,803	469,866
- Passbook deposits	0.10	9,095,237	8,586,219
- Temporary deposits		3,317,263	3,577,243
- Public fund deposits	0.10	142,071	207,695
- Others	0.10	47,639	12,497
		<u>13,176,682</u>	<u>12,987,742</u>
Time deposits and savings deposits			
- Time deposits	2.90~4.40	60,763,553	58,187,286
- Installment savings deposits	3.60~4.30	1,313,088	1,422,532
- Property formation savings	8.50	1,965	2,221
- Time and savings deposits of non-residents in Won	2.90~4.40	331,135	151,124
- General savings deposits	0.10~3.30	21,358,531	21,346,223
- Corporate free savings deposits	0.10~3.20	7,385,549	6,556,979
- Long-term savings deposits for workers	11.50~12.00	108,787	297,272
- Long-term housing savings deposits	4.80	780,466	538,782
- Long-term savings for households	4.96	1,726,684	2,250,457
- Worker's preferential savings deposits	5.35	2,860,473	2,877,467
- Worker's savings for housing	1.67	81	79
- Mutual installment deposits	3.20~4.50	7,009,983	7,491,115
- Mutual installment for housing	2.95~4.30	5,291,492	4,872,637
		<u>108,931,787</u>	<u>105,994,174</u>
		<u>122,108,469</u>	<u>118,981,916</u>

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Deposits in foreign currencies			
Demand deposits			
- Checking deposits	0.00~3.00	37,100	29,629
- Passbook deposits	0.00~0.05	624,270	549,646
- Notice deposits	0.05~6.22	619	2,725
- Temporary deposits		2,192	3,796
		<u>664,181</u>	<u>585,796</u>
Time deposits and savings deposits			
- Time deposits	0.00~7.70	636,325	496,359
- Others	0.00~8.00	2,521	1,493
		<u>638,846</u>	<u>497,852</u>
		<u>1,303,027</u>	<u>1,083,648</u>
Certificates of deposit	3.45~3.95	4,689,250	3,044,089
		<u>(Won) 128,100,746</u>	<u>(Won) 123,109,653</u>

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The maturities of deposits as of September 30, 2003 are as follows (in millions of Won):

	Deposits in Won	Deposits in foreign currencies	Certificates of deposit	Total
Due in 3 months or less	(Won) 67,318,622	(Won) 1,064,958	(Won) 3,307,750	(Won) 71,691,330
Due after 3 months through 6 months	12,933,739	118,481	1,041,382	14,093,602
Due after 6 months through 1 year	29,550,760	72,856	340,118	29,963,734
Due after 1 year through 2 years	7,685,520	44,909		7,730,429
Due after 2 years through 3 years	3,393,123	1,752		3,394,875
Due after 3 years through 4 years	404,962	71		405,033
Due after 4 years through 5 years	388,810			388,810
Thereafter	432,933			432,933
	(Won) 122,108,469	(Won) 1,303,027	(Won) 4,689,250	(Won) 128,100,746

10. Borrowings

Borrowings as of September 30, 2003 and December 31, 2002 are as follows (in millions of Won):

	Annual Interest (%)		
	September 30, 2003	2003	2002
Borrowings in Won			
Borrowings from the Bank of Korea	2.50	(Won) 900,665	(Won) 671,854
Borrowings from the government	0.00~8.00	923,689	1,056,480
Borrowings from banking institutions	3.28~8.55	1,091,359	318,702
Borrowings from National Housing Fund	8.00	8,732	9,192
Borrowings from non-banking financial institutions	2.00~4.00	5,769	6,211
Other borrowings	1.75~7.00	2,215,100	1,129,305

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		5,145,314	3,191,744
Borrowings in foreign currencies			
Due to banks		227,184	528,991
Borrowings from domestic banks	0.09~1.40	2,166,966	1,875,119
Borrowings from other financial institutions	5.13	18,712	23,092
Borrowings from foreign banks		851,037	981,328
		3,263,899	3,408,530
Bonds sold under repurchase agreements			
In Won	2.50~4.10	4,340,590	3,050,179
In foreign currencies	1.54	9,268	23,982
		4,349,858	3,074,161
Bills sold	3.40~3.85	39,578	72,860
Due to the Bank of Korea in foreign currencies		16,857	37,493
Call money			
In Won	3.25~3.65	697,900	829,300
In foreign currencies	0.25~5.05	300,087	76,666
Interbank borrowings		338,855	
		1,336,842	905,966
		(Won) 14,152,348	(Won) 10,690,754

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The maturities of borrowings as of September 30, 2003 are as follows (in millions of Won):

	Borrowings in Won	Borrowings in Foreign Currencies	Others	Total
Due in 3 months or less	(Won) 2,735,479	(Won) 506,559	(Won) 3,385,338	(Won) 6,627,376
Due after 3 months through 6 months	306,029	970,352	1,090,635	2,367,016
Due after 6 months through 1 year	250,890	899,289	1,267,162	2,417,341
Due after 1 year through 2 years	420,388	306,191		726,579
Due after 2 years through 3 years	395,723	399,199		794,922
Due after 3 years through 4 years	307,711	94,570		402,281
Due after 4 years through 5 years	252,233			252,233
Thereafter	476,861	87,739		564,600
	(Won) 5,145,314	(Won) 3,263,899	(Won) 5,743,135	(Won) 14,152,348

11. Debentures

Debentures as of September 30, 2003 and December 31, 2002 are as follows (in millions of Won):

	Annual Interest (%)		
	September 30, 2003	2003	2002
In Won			
Hybrid debentures	6.00~7.00	(Won) 638,500	(Won)
Subordinated fixed rate debentures	6.07~16.28	4,463,406	4,753,285

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Fixed rate debentures	4.04~10.57	15,357,938	12,269,023
Floating rates debentures	2.25~8.15	950,000	
		<u>21,409,844</u>	<u>17,022,308</u>
Discounts on debentures		<u>(138,875)</u>	<u>(270,924)</u>
		<u>21,270,969</u>	<u>16,751,384</u>
In foreign currencies			
Floating rates debentures	1.52~2.25	241,081	350,589
Fixed rates debentures	1.08~4.63	592,887	438,538
		<u>833,968</u>	<u>789,127</u>
Premiums on debentures		9,809	
Discounts on debentures		<u>(1,555)</u>	<u>(1,504)</u>
		<u>842,222</u>	<u>787,623</u>
		<u>(Won) 22,113,191</u>	<u>(Won) 17,539,007</u>

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As of September 30, 2003, subordinated debentures in Won comprise the following:

Type	Issue date	Hundred millions of Won	Annual interest (%)	Maturity
Subordinated fixed rate debentures	95.09.30~98.11.15	(Won) 2,816	9.61~16.00	03.01.27~09.11.15
	2000.03.27	2,000	9.65	2005.03.27
	2000.06.28	2,540	9.00~9.10	2006.01.28
	2000.09.27	3,000	8.99	2006.01.27
	2000.09.28	1,500	8.00~8.85	2006.01.28
	2000.11.28	1,000	8.00~8.71	2006.02.28
	2000.11.28	1,513	9.57~9.65	2010.11.28
	2000.11.28	107	9.00	2010.12.28
	2000.12.27	2,000	8.71	2006.01.27
	2001.05.28	2,000	7.00~7.65	2007.02.28
	2001.06.27	1,600	7.68	2008.03.27
	2001.06.27	2,175	7.86	2009.03.27
	2001.08.28	1,000	6.00~6.73	2007.08.28
	2001.09.28	1,500	6.00~6.73	2008.03.28
	2002.03.27	2,417	7.06~7.10	2008.01.27
	2002.07.27	3,024	6.96~7.00	2008.01.27
	2002.09.27	2,574	6.27~6.30	2008.03.27
	2002.09.27	1,500	6.51~6.55	2010.03.27
	2002.09.27	926	6.66~6.70	2013.03.27
	2002.11.27	4,007	6.07~6.10	2008.05.27
	2002.11.27	578	6.27~6.30	2010.05.27
	2002.11.27	1,003	6.51~6.55	2013.05.27
	2002.12.18	1,100	8.00	2008.01.18
	2002.12.27	100	6.20	2008.06.27
	2002.12.27	900	6.40	2010.06.27
	2002.12.27	500	6.65	2013.06.27
	2002.12.27	304	6.55	2014.12.27
	2003.01.27	500	7.65	2008.02.21
		450	7.10	2008.04.10
		(Won) 44,634		

The maturities of debentures as of September 30, 2003 are as follows (in millions of Won):

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	Won	Foreign currencies	Total
Due in 3 months or less	(Won) 4,624,896	(Won)	(Won) 4,624,896
Due after 3 months through 6 months	4,407,589		4,407,589
Due after 6 months through 1 year	3,918,379	149,637	4,068,016
Due after 1 year through 2 years	2,946,579	27,010	2,973,589
Due after 2 years through 3 years	1,452,706	66,367	1,519,073
Due after 3 years through 4 years	384,034		384,034
Due after 4 years through 5 years	2,051,573	590,954	2,642,527
Thereafter	1,624,088		1,624,088
	(Won) 21,409,844	(Won) 833,968	(Won) 22,243,812

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12. Accrued Retirement Benefits

The movements in accrued retirement benefits for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

	<u>Beginning balance</u>	<u>Amounts provided</u>	<u>Amounts paid out</u>	<u>Increase due to merger</u>	<u>Ending balance</u>
Accrued retirement benefits	(Won) 42,773	(Won) 70,361	(Won) 10,909	(Won) 8,865	(Won) 111,090
Contributed retirement benefits	88,682			6,488	95,170
Total accrued retirement benefits	131,455	70,361	10,909	15,353	206,260
Contribution to pension funds	(88,682)			(6,488)	(95,170)
	(Won) 42,773	(Won) 70,361	(Won) 10,909	(Won) 8,865	(Won) 111,090

As of September 30, 2003, approximately 46.14% of total accrued retirement benefits are contributed to pension funds, to which the Bank's employees hold the right of payment, placed at two insurance companies, including Korea Life Insurance Co., Ltd.

13. Employee Stock Options

As of September 30, 2003, the stock options granted to the Bank's executives and chief executive officer are as follows:

<u>Series</u>	<u>Grant Date</u>	<u>Shares Granted</u>	<u>Shares Expired to Date</u>	<u>Shares Exercised</u>	<u>Shares Outstanding</u>	<u>Exercise Price</u>	<u>Exercise Period</u>
Series1	00.03.18	222,094	109,565	2,961	109,568	(Won) 23,469	03.03.19 ~ 05.03.18

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Series2	01.03.15	214,975	16,882		198,093	(Won)	28,027	04.03.16 ~ 09.03.15
Series3	98.10.31	400,000		330,000	70,000	(Won)	5,000	01.11.01 ~ 04.10.31
Series4	99.02.27	280,000	59,892	220,108		(Won)	13,900	02.02.28 ~ 05.02.27
Series5	00.02.28	267,000	65,218		201,782	(Won)	27,600	03.03.01 ~ 06.02.28
Series6	01.03.24	111,000	38,624		72,376	(Won)	25,100	04.03.25 ~ 07.03.24
Series7^{1* 2*}	01.11.16	850,000			850,000	(Won)	51,200	04.11.17 ~ 09.11.16
Series8^{2*}	02.03.22	132,000	89,753		42,247	(Won)	57,100	05.03.23 ~ 10.03.22
	02.03.22	490,000	119,326		370,674	(Won)	57,100	05.03.23 ~ 10.03.22
Series9	02. 07.26	30,000			30,000	(Won)	58,800	05.07.27 ~ 10.07.26
Series10^{2*}	03.03.21	140,000			140,000	(Won)	37,400	06.03.22 ~ 11.03.21
	03.03.21	180,000			180,000	(Won)	35,500	06.03.22 ~ 11.03.21
Series11	03.08.28	30,000			30,000	(Won)	40,500	06.08.29 ~ 11.08.28
Increase due to merger^{3*}	01.03.22				22,146	(Won)	71,538	04.03.23 ~ 11.03.22
	01.03.19				9,990	(Won)	129,100	04.03.30 ~ 11.03.29

1* The stock options do not include the 200,000 shares which may be additionally granted if the three-month weighted average stock price of the Bank prior to the beginning of the exercise date is higher than that of any other listed banks and the Bank achieves total market value and ROE target.

2* The exercise price may be affected by the fluctuations in the stock price index of the banking industry.

3* The Bank took over stock options which Kookmin Credit Card Co., Ltd. granted to its employees in proportion to the exchange rate.

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The Bank had applied the fair value method using an option-pricing model in measuring compensation cost until September 30, 2002. However, as of October 1, 2002, expecting a high probability of grant and exercise of the options as stock appreciation rights, the Bank changed the measurement method to the intrinsic value method. As a result, previous amounts recorded in capital adjustments (stock options) have been reclassified into accrued expenses. Compensation costs are summarized as follows (in millions of Won):

	Series 1	Series 2	Series 3	Series 5	Series 6	Series 10	Increase due to merger	Total
Prior period compensation cost	(Won) 1,861	(Won) 1,615	(Won) 2,590	(Won) 2,744	(Won) 886	(Won)	(Won) 552	(Won) 10,248
Current period compensation cost	(302)	(18)	(301)	(706)	(126)	73	(552)	(1,932)
Accumulated compensation cost	1,559	1,597	2,289	2,038	760	73		8,316
Compensation cost to be recognized		319			152	365		836
Total compensation cost	(Won) 1,559	(Won) 1,916	(Won) 2,289	(Won) 2,038	(Won) 912	(Won) 438	(Won)	(Won) 9,152

The compensation costs to be recognized in the future as of September 30, 2003, are as follows (in millions of Won):

	Series 2	Series 6	Series 10	Total
Within 1 year	(Won) 319	(Won) 152	(Won) 146	(Won) 617
More than 1 year to 2 years			146	146
More than 2 years to 3 years			73	73
	(Won) 319	(Won) 152	(Won) 365	(Won) 836

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14. Other Liabilities

Other liabilities as of September 30, 2003 and December 31, 2002 are as follows (in millions of Won):

<u>Account</u>	<u>2003</u>	<u>2002</u>
Accrued retirement benefits (Note 12)	(Won) 111,090	(Won) 42,773
Allowance for losses on guarantees and acceptances (Note 15)	2,018	2,287
Due to trust accounts	2,832,875	734,646
Accounts payable	4,618,487	1,868,692
Accrued expenses	4,801,157	4,656,225
Advances from customers	460,042	48,745
Unearned income	132,139	147,623
Withholding taxes	90,043	85,841
Guarantee deposits received	113,263	112,732
Derivative liabilities (Note 16)	890,280	522,286
Unsettled domestic exchange liabilities	268,362	541,757
Accounts for agency business	341,411	395,678
Other allowances ^{1*}	156,078	48,876
Liabilities incurred by agency relationship	545,838	486,413
Others	352,860	90,224
	<u>(Won) 15,715,943</u>	<u>(Won) 9,784,798</u>

1* Other allowances are as follows (in millions of Won):

<u>Allowances for</u>	<u>Amounts</u>	<u>Remarks</u>
Suspense receivables	(Won) 6,830	Loss from frauds/accidents
Foreign currency exchange mileages	11	Compensation expense for frequent currency exchanges
Loss on branch closure	240	Closure of the branch in Buenos Aires
Uncollected leasehold deposits	8,912	Loss on uncollected leasehold deposits
Credit card receivables	32,280	Loss on unused cash advance credit lines
Credit card point	33,960	Expenses arising from credit card mileage rewards
ABS allowances	3,435	Loss on guarantee deposits paid to Jooeun 2nd Specialty Co., Ltd (Note 17)

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KAMCO loans sold	1,014	Loss on loans sold under repurchase agreements to KAMCO (Note 17)
Granting of credit to SPC	69,396	Loss on the credit line agreement to SPC (Note 17)
	<hr/>	
	(Won) 156,078	
	<hr/>	

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15. Guarantees and Acceptances

Guarantees and acceptances as of September 30, 2003 and December 31, 2002 are summarized as follows (in millions of Won):

	2003	2002
Guarantees and acceptances outstanding in		
Won		
- Guarantees on debentures	(Won) 550	(Won) 571
- Guarantees on loan collateral	38,263	39,234
- Guarantees on commercial bills	3	646
- Others	249,365	248,457
	288,181	288,908
Foreign Currencies		
- Acceptances on letters of credit	144,078	190,775
- Acceptances for letters of guarantee for importers	77,808	111,016
- Guarantees for performance of contracts	23,267	71,577
- Guarantees for bids	958	1,077
- Guarantees for borrowings	32,754	31,055
- Guarantees for repayment of advances	7,285	25,707
- Others	220,631	311,583
	506,781	742,790
	794,962	1,031,698
Contingent guarantees and acceptances		
- Letters of credit	1,069,486	1,243,354
- Others	120,153	63,524
	1,189,639	1,306,878
	(Won) 1,984,601	(Won) 2,338,576

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As of September 30, 2003, the allowances for losses on guarantees and acceptances outstanding according to credit risk classifications are as follows (in millions of Won):

Guarantees and Acceptances Outstanding in		Normal	Precautionary	Sub-standard	Doubtful	Estimated loss	Total
Won	Balance	(Won) 273,058	(Won) 13,086	(Won) 469	(Won) 177	(Won) 1,391	(Won) 288,181
	Allowance			94	156	1,391	1,641
	Ratio (%)			20.04	88.14	100.00	0.57
Foreign currencies	Balance	439,926	65,800	808	91	156	506,781
	Allowance			176	45	156	377
	Ratio (%)			21.78	49.45	100.00	0.07
Total	Balance	(Won) 712,984	(Won) 78,886	(Won) 1,277	(Won) 268	(Won) 1,547	(Won) 794,962
	Allowance			270	201	1,547	2,018
	Ratio (%)			21.14	75.00	100.00	0.25

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For the nine-month period ended September 30, 2003, the movements in allowances for losses on guarantees and acceptances outstanding are as follows (in millions of Won):

Beginning balance	(Won) 2,287
Reversals of losses from guarantees and acceptances losses	(194)
Changes in foreign exchange rates	(75)
Ending balance	(Won) 2,018

The guarantees and acceptances risk concentration by country as of September 30, 2003 are as follows (in millions of Won):

	Guarantees and		Contingent		Total	
	Acceptances Outstanding		Guarantees and Acceptances			
	Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
Korea	(Won) 748,954	94.21	(Won) 1,189,639	100.00	(Won) 1,938,593	97.68
USA	46,008	5.79			46,008	2.32
	(Won) 794,962	100.00	(Won) 1,189,639	100.00	(Won) 1,984,601	100.00

The guarantees and acceptances risk concentration by industry and customer as of September 30, 2003 are as follows (in millions of Won):

Industrial	Guarantees and		Contingent		Total	
	Acceptances Outstanding		Guarantees and Acceptances			
	Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)

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Manufacturing	(Won) 272,745	34.31	(Won) 589,964	49.59	(Won) 862,709	43.47
Finance	365,182	45.94	400,504	33.67	765,686	38.58
Service	68,124	8.57	27,838	2.34	95,962	4.84
Others	88,911	11.18	171,333	14.40	260,244	13.11
	<u>(Won) 794,962</u>	<u>100.00</u>	<u>(Won) 1,189,639</u>	<u>100.00</u>	<u>(Won) 1,984,601</u>	<u>100.00</u>

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16. Derivatives

The Bank's derivative instruments are divided between hedge derivatives and trading derivatives based on the purpose of the transaction. The Bank enters into hedge transactions mainly for purposes of hedging fair value risks related to its assets and liabilities.

Trading derivatives include future contracts, forward contracts, swaps, and options entered into by the Bank to meet the financing needs of its customers and to gain profit from arbitrage transactions between customers and other banks. The Bank also uses derivative instruments in managing its own trading and asset-liability management exposures to fluctuations in interest rates and foreign exchange risks.

Hedge derivatives mainly comprise of interest rate swaps to hedge the fair value changes of debentures arising from the interest rate fluctuations. Some hedging transactions do not qualify for hedge accounting and are thus accounted for as trading derivatives. These transactions include the hedge relationships where the hedged item is an asset or liability that is re-measured with the changes in fair value attributable to the hedged risk reported in current operations or where the hedged item cannot be specifically identified.

The notional amounts outstanding for derivative contracts as of September 30, 2003 as follows (in millions of Won):

	<u>Trading</u>	<u>Hedge</u>	<u>Total</u>
Interest related			
-Future	(Won) 456,819	(Won)	(Won) 456,819
-Option	2,250,000		2,250,000
-Swap	24,772,983	575,100	25,348,083
	<u>27,479,802</u>	<u>575,100</u>	<u>28,054,902</u>
Currency related			
-Forward	17,631,789		17,631,789
-Future	827,856		827,856
-Swap	3,742,544		3,742,544
-Option bought	97,850		97,850
-Option sold	180,560		180,560

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	22,480,599		22,480,599
Stock related			
-Option bought	1,966,241		1,966,241
-Option sold	1,968,355		1,968,355
	3,934,596		3,934,596
	(Won) 53,894,997	(Won) 575,100	(Won) 54,470,097

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Gains and losses on derivatives as of and for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

Gain on derivatives	
Gain on derivatives transactions	(Won) 1,802,395
Gain on valuation of derivatives	565,109
Gain on fair value hedged items	6,351
	(Won) 2,373,855
Loss on derivatives	
Loss on derivatives transactions	(Won) 1,767,507
Loss on valuation of derivatives	525,476
Loss on fair value hedged items	22
	(Won) 2,293,005

The summary of derivative transactions for the nine-month period ended September 30, 2003 is as follows (in millions of Won):

	Valuation Gains (P/L)			Valuation Losses (P/L)			Fair Value (B/S)	
	Trading	Hedge	Total	Trading	Hedge	Total	Asset	Liability
Interest related								
-Option	(Won) 2,456	(Won) 22	(Won) 2,456	(Won) 4,063	(Won) 6,351	(Won) 4,063	(Won) 3,860	(Won) 8,698
-Swap	118,326	22	118,348	113,812	6,351	120,163	216,553	311,584
	120,782	22	120,804	117,875	6,351	124,226	220,413	320,282
Currency related								
-Forward	277,685		277,685	268,033		268,033	293,480	307,779
-Option bought	626		626	224		224	630	224
-Option sold	2,252		2,252	841		841	1,837	912

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-Swap	112,905		112,905	82,007		82,007	359,460	133,905
	<u>393,468</u>		<u>393,468</u>	<u>351,105</u>		<u>351,105</u>	<u>655,407</u>	<u>442,820</u>
Stock related								
-Option bought	37,423		37,423	16,843		16,843	121,957	
-Option sold	13,414		13,414	33,302		33,302		127,178
	<u>50,837</u>		<u>50,837</u>	<u>50,145</u>		<u>50,145</u>	<u>121,957</u>	<u>127,178</u>
	<u>(Won) 565,087</u>	<u>(Won) 22</u>	<u>(Won) 565,109</u>	<u>(Won) 519,125</u>	<u>(Won) 6,351</u>	<u>(Won) 525,476</u>	<u>(Won) 997,777</u>	<u>(Won) 890,280</u>

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17. Commitments and Contingencies

As of September 30, 2003, 213 pending legal actions with an aggregate amount of damages of (Won)114,113 million are charged against the Bank and the Bank had also filed 152 lawsuits, which are still pending with an aggregate amount of claims of (Won)218,635 million. Management believes that the actions against the Bank are without merit and that the ultimate liability, if any, will not materially affect the Bank's financial position.

The Bank, under the Mutual Savings & Finance Company Act, is liable for the payment of the deposits of Orange Mutual Savings & Finance Co., Ltd. (previously, Kookmin Mutual Savings & Finance Co., Ltd.) and Hansol Mutual Savings & Finance Co., Ltd. (previously, Bukook Mutual Savings & Finance Co., Ltd.), previously the Bank's subsidiaries but were sold during 1999, if they enter into bankruptcy within three years of sale. Orange Mutual Savings & Finance Co., Ltd. is currently undergoing bankruptcy procedures due to the disapproval of its business by the Financial Supervisory Commission. Korea Deposit Insurance Corporation (KDIC) has paid for the deposit money subject to the Depositor Protection Act. Despite the fact that Resolution and Finance Corp. (a subsidiary of KDIC) has filed a lawsuit against the Bank for the recovery of the repayment, such lawsuit is not expected to cause losses that would materially affect the Bank's financial position.

The Bank has entered into commitments to provide a credit line of (Won)4,819,100 million, and to purchase commercial paper amounting to (Won)1,621,000 million, with asset securitization companies. Under these commitments, the Bank provides money, in case of a temporary fund shortage, for the principal and interest repayment of these companies' senior bonds within the contracted term and amounts. As of September 30, 2003, loans outstanding under the credit line commitment amounted to (Won)33,924 million, and there is no balance for commercial papers purchased under the purchase commitment. The Bank has arranged various methods to compensate for losses on these credit line commitments including payment guarantees, repurchase contracts, surety certificate guarantees, and cash reserves. Also, a reserve was recognized for the resulting expected losses amounting to (Won)69,396 million as other allowances (Note 14).

The Bank has an off-shore loan commitment, limited to USD 12,367 thousand, and the loan balance under the commitment as of September 30, 2003 is USD 4,323 thousand.

As of September 30, 2003, the Bank has an outstanding obligation to repurchase and/or indemnify for losses on the loans and securities sold to Kookmin 6th-ABS Specialty Co., Ltd. and Jooeun 5th-ABS Specialty Co., Ltd. (collectively, the SPEs) with a ceiling of (Won)72,000 million and (Won)36,957 million, respectively. A reserve was recognized for the resulting expected losses amounting to (Won)3,435 million as other allowances (Note 14).

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Also, the Bank has an outstanding obligation to repurchase and/or indemnify for losses on the loans sold to Kookmincard 1st-ABS Specialty Co., Ltd. and Kookmincard 14th-ABS Specialty Co., Ltd. (collectively, the SPEs) with a ceiling of (Won)9,458 million and (Won)33,001 million . No adjustments have been made in the accompanying financial statements related to such uncertainties.

As of September 30, 2003, post settlements on the loan sales transaction with Korea Asset Management Corporation (KAMCO) have been completed and the Bank has provided allowances of (Won)1,014 million for losses from possible future repurchase of loans from KAMCO under the repurchase agreement with a ceiling of (Won)5,280 million (Note 14).

The Bank sold to Sun Capital Inc., 65.43% of its 85.43% investment in, and (Won)172,024 million of its loans to, Alpha Capital Corp., for (Won)145,000 million on August 30, 2002. The Bank also sold an additional 5.03% of its investment in Alpha Capital Corp. to Sun Capital Inc. for (Won)900 million on October 28, 2002.

The Bank sold its 87.00% investment in Kookmin Investment Trust Management Co., Ltd. to Morgan Stanley Private Equity (the M&A private funds led by Morgan Stanley Global Emerging Markets Inc. and affiliated funds) on May 29, 2002 and sold its 88.66% investment in Kookmin Leasing Co., Ltd. to Sun Capital Inc. on December 27, 2002.

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Included in cash and due from banks as of September 30, 2003 are the following restricted deposits (in millions of Won):

	<u>Amount</u>	<u>Restrictions</u>
Reserve deposits in the Bank of Korea and Korea Exchange Bank	(Won) 3,424,674	General Banking Act
Deposits placed with Hansol Mutual Savings & Finance Co., Ltd and Shinhan Bank	160,000	Withdrawal at maturity
Due from Banks in Foreign Currency	36,816	General Banking Act
Other deposits	741	Futures guarantee deposits
	<u>3,622,231</u>	
Present value discount	(13,940)	
	<u>(Won) 3,608,291</u>	

As of September 30, 2003, the following investment securities are pledged at various institutions (in millions of Won):

<u>Securities Provided</u>		<u>Related Liability</u>	
<u>Book Value</u>	<u>Pledge Value</u>	<u>Amount</u>	<u>Transaction</u>
(Won)4,052,384	(Won) 4,004,608	(Won) 4,349,858	Bonds sold under repurchase agreements
1,231,579	1,214,400	900,665	Borrowings from the Bank of Korea
108,764	115,500	Borrowing within credit line	Derivatives transactions
170,200	170,200	Borrowing within credit line	BOK settlements
70,293	69,811	Borrowing within credit line	Leased securities
1,894	1,900	Borrowing within credit line	Others
<u>(Won)5,635,114</u>	<u>(Won) 5,576,419</u>		

As of September 30, 2003, the Bank holds the unexpired rights to claim from borrowers or guarantors for loans, in accordance with the relevant law, which have already been written off, amounting to (Won)7,008,730 million. Also, as of September 30, 2003, the Bank holds endorsed bills

amounting to (Won)9,434 million.

The Bank entered into an alliance with Koram Bank, Woori Credit Card, Citibank, The Fisheries Cooperative Union and Nonghyup for to operate a credit card business. Accordingly, the Bank shares the related revenue from such operation.

The Bank has current account agreements with two banks including Korea Exchange Bank and has provided two blank notes to financial institutions for borrowings.

In response to the generally unstable economic conditions, the Korean government and the private sector have been implementing structural reforms to historical business practices. Implementation of these reforms is progressing slowly, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The Bank may be either directly or indirectly affected by these generally unstable economic conditions and the reform program described above. The accompanying non-consolidated financial statements reflect management's assessment of the impact to date of the economic situation on the financial position of the Bank. Actual results may differ materially from management's current assessment. As of September 30, 2003, the Bank's total exposure (including debt securities, beneficiary certificates, and loans) to domestic credit card companies and capital companies amounts to (Won)3,204,091 million. Currently, securities issued by credit card companies and capital companies, which are experiencing liquidity problems, are not widely traded in the bond market. The ultimate effect of these circumstances on the financial position of the Bank as of the balance sheet date cannot be presently determined, and accordingly, no adjustments related to such uncertainties have been recorded in the accompanying financial statements.

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18. Capital Stock

As of September 30, 2003, the Bank has 1,000,000,000 common shares (par value per share: (Won)5,000) authorized and 336,379,116 shares issued. ING Insurance International B.V. and the Korean government own 3.78%, and 9.10%, respectively, of the total issued shares. As of September 30, 2003, 35,729,664 common shares, equivalent to 10.62% of the total issued shares, are listed on the New York Stock Exchange as ADSs and are managed by the Bank of New York, the trustee of the Bank.

Under the General Banking Act, if a single entity, other than the government or a foreign investor, owns more than 4% of total outstanding voting shares, the entity's voting rights are limited to those of 4% shareholders.

As a result of the legal consolidation with H&CB, the shareholders of the Bank and H&CB, listed on the Register of Shareholders at October 31, 2001, received 179,775,233 new shares and 119,922,229 new shares of the Bank, respectively, at the exchange ratio of one new common share of the Bank for 1.688346 old shares of the Bank and 1 share of H&CB, respectively. The new shares of the Bank were relisted on the Korea Stock Exchange as of November 9, 2001. In addition, the Bank issued 8,120,431 shares as a result of the merger with Kookmin Credit Card Co., Ltd.

The Bank is authorized to issue to non-shareholders convertible bonds and bonds with stock purchase warrants up to total par value amounts of (Won)2,500 billion and (Won)500 billion, respectively.

19. Capital Surplus

The movements in capital surplus for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

	<u>Beginning Balance</u>	<u>Changes</u>	<u>Ending Balance</u>
Paid-in capital in excess of par value	(Won) 5,287,708	(Won) 368,344	(Won) 5,656,052
Gain on business combination	397,669		397,669
Revaluation increment	177,229		177,229

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Others	2,146	(51)	2,095
	<u>2,146</u>	<u>(51)</u>	<u>2,095</u>
	(Won) 5,864,752	(Won) 368,293	(Won) 6,233,045
	<u>(Won) 5,864,752</u>	<u>(Won) 368,293</u>	<u>(Won) 6,233,045</u>

The increase in paid-in capital in excess of par value is the difference between the price of shares issued for the merger with Kookmin Credit Card Co., Ltd. and the net asset value of Kookmin Credit Card Co., Ltd.

The gain on business combination is due to the difference between the business combination consideration and the net asset value acquired from the merger with KLB on December 31, 1998, and the current period change in other capital surplus is due to the loss on disposal of treasury stock.

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20. Retained Earnings

The General Banking Act requires the Bank to appropriate as a legal reserve a minimum of 10 percent of annual net income until the legal reserve equals paid in capital. This reserve is not available for payment of cash dividends but may be transferred to capital stock by an appropriate resolution by the Bank's Board of Directors or used to reduce accumulated deficit, if any, by an appropriate resolution of the Bank's shareholders.

In accordance with the regulations regarding securities issuance and disclosure (formerly the provisions of the Financial Control Regulation for publicly listed companies), the Company is required to appropriate, as a reserve for improvement of financial structure, a portion of retained earnings equal to a minimum of 50 percent of its annual income plus at least 10 percent of the net gain from the disposal of property, plant and equipment after deducting related taxes, until equity equals 30 percent of shareholders' equity. As of September 30, 2003, the Bank has no reserve for improvement of financial structure.

Pursuant to the Tax Exemption and Reduction Control Law, the Bank is required to appropriate, as a reserve for business rationalization, amounts equal to tax reductions arising from tax exemptions and tax credits. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

As of September 30, 2003, other reserves are appropriated for the operations of overseas branches.

The Bank has retroactively applied Statement of Korean Financial Accounting Standards No. 6, *Subsequent Events*. The financial statements as of and for the year ended December 31, 2002 have been retroactively restated for the change, which resulted to a decrease in liability and an increase in retained earnings for the amount of (Won) 325,233 million.

21. Capital Adjustments

The movements in capital adjustments for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

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	Beginning Balance	Increase	Decrease	Ending Balance
Treasury stock	(Won) (148,973)	(Won) (29,094)	(Won) (493)	(Won) (177,574)
Unrealized gain on available-for-sale securities	180,449	238,789	87,886	331,352
Unrealized gain on investment in associates	94,773	11,745	100,549	5,969
	(Won) 126,249	(Won) 221,440	(Won) 187,942	(Won) 159,747

The Bank, under the approval of the Board of Directors on July 26, 2002, established an employee stock option plan for the welfare of the employees and purchased 3,000,000 shares of treasury stock under the plan.

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22. Other Non-Interest Income (Expenses)

Other non-interest income (expenses) for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

Other non-interest income	
- Realized gain on trading securities	(Won) 97,489
- Unrealized gain on trading securities	71,324
- Gain on trust management	188,184
- Reversal of allowance for losses on guarantees and acceptances	194
- Gain on valuation of derivatives	565,109
- Others	24,333
	<u>(Won) 946,633</u>
Other non-interest expenses	
- Realized loss on trading securities	(Won) 33,484
- Contributions to special funds	132,299
- Provision for allowance	
- Loss on valuation of derivatives	525,476
- Loss on fair value hedged items	22
- Others	253,200
	<u>(Won) 944,481</u>

23. General and Administrative Expenses

General and administrative expenses for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

Salaries and wages	(Won) 777,532
Retirement benefits (Note 12)	70,361
Other employee benefits	232,745
Rent	46,180

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Depreciation	269,438
Amortization	58,904
Taxes and dues	82,694
Advertising	40,491
Ordinary R&D	74,756
Fees and commissions	60,432
Others	143,269
	<hr/>
	(Won) 1,856,802
	<hr/>

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24. Non-Operating Income (Expenses)

Non-operating income (expenses) for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

Non-operating income	
- Gain on disposal of fixed assets	(Won) 1,642
- Rent income	1,956
- Unrealized gain on investment in associates	238,738
- Realized gain on available-for-sale securities	326,573
- Relized gain on held-to-maturity securities	2,221
- Reversal of impairment loss on available-for-sale securities	11,457
- Gain on sale of loans	1,294
- Others	86,775
	670,656
Non-operating expenses	
- Loss on disposal of fixed assets	34,817
- Loss on investment in associates	
- Realized loss on available-for-sale securities	45,933
- Realized loss on held-to-maturity securities	
- Impairment loss on available-for-sale securities	79,683
- Loss on sale of loans	2,927
- Provision for loan losses due to merger	1,652,264
- Others	70,160
	1,885,784
	(Won) (1,215,128)

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25. Income Tax Expense

Income tax expense for the nine-month period ended September 30, 2003 is as follows (in millions of Won):

Income tax payable	(Won)
Deferred income taxes from temporary differences ^{1*}	(97,511)
Deferred income taxes from accumulated deficit ^{1*}	(259,936)
Deferred tax credit	(1,650)
Change in temporary differences due to tax adjustments	3,656
Retained earnings and other capital surplus adjustments ^{2*}	814
	<hr/>
Income tax benefit	(Won) (354,627)
	<hr/>

1* The Bank recognized deferred income tax because it has incurred a gain before extraordinary gains/losses and income tax since the merger with H&CB.

2* Income tax effect from the change in retained earnings amounting (Won)2,670 million and loss on disposition of treasury stock amounting to (Won)72 million won from application of equity method.

The statutory income tax rate applicable to the Bank, including resident tax surcharges, is 29.7% for the six-month period ended September 30, 2003. However, due to tax adjustments, the effective tax rate for the nine-month period ended September 30, 2003 is (-) 48.1%. The basis for calculating the effective tax rate is as follows:

Net loss before income taxes	(Won) (736,736)
	<hr/>
Income tax expense based on the effective tax rate	(220,470)
Tax effects on adjustments	
Adjustments to increase taxable income	26,592
Adjustments to decrease taxable income	(160,749)
	<hr/>
Income tax benefit per statements of operations	(Won) (354,627)
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The significant changes in accumulated temporary differences and deferred income taxes for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

	<u>Beginning balance</u>	<u>Increase due to merger</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Deferred tax asset (liability)</u>
Allowance for loan losses	(Won) 314,081	(Won)	(Won) 89,849	(Won) 226,474	(Won) 177,456	(Won) 52,705
Accrued interest	(350,798)	(60,931)	(298,212)	(350,798)	(359,143)	(106,664)
Unrealized loss on securities	602,647	4,456	498,852	338,694	767,261	227,876
Unrealized loss on derivatives	(109,298)	(3,530)	(51,909)	(112,828)	(51,909)	(15,417)
Present value discounts	28,001		17,431	28,001	17,431	5,177
Allowance for losses on guarantees and acceptances	2,287		2,018	2,287	2,018	599
Accrued severance benefits			28,489		28,489	8,461
Stock options	10,116	552	8,316	10,668	8,316	2,470
Loss on fair value hedges	9,213		(6,329)		2,884	856
Accumulated depreciation	17,195		18,535	6,680	29,050	8,628
Other allowances	48,876		156,078	48,876	156,078	46,355
Other	2,172	1,209	65,841	2,583	66,639	19,791
Net operating loss carry-forward			875,173		875,173	259,936
	<u>(Won) 574,492</u>	<u>(Won) (58,244)</u>	<u>(Won) 1,404,132</u>	<u>(Won) 200,637</u>	<u>(Won) 1,719,743</u>	<u>510,773</u>
Deferred tax credit						<u>1,650</u>
						<u>(Won) 512,423</u>

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26. Earnings (Loss) Per Share

Details of the computation of the earnings (loss) per share for the three-month period and nine-month period ended September 30, 2003, and for the three-month period and nine-month period ended September 30, 2002, are shown below.

	Net income (loss)	Weighted average number of common shares outstanding	Earnings (loss) per share (in Won)
	(in millions of Won)		
Nine months ended September 30, 2003	(Won) (382,109)	(Won) 325,176,698	(Won) (1,175)
Three months ended September 30, 2003	(341,441)	325,048,574	(1,050)
Nine months ended September 30, 2002	1,512,868	317,390,563	4,767
Three months ended September 30, 2002	348,844	316,906,681	1,101

As there are no extraordinary gains or losses for the relevant periods, ordinary income per share is not calculated.

The weighted average number of common shares outstanding for the three-month and nine-month periods ended September 30, 2003 and 2002 are calculated as follows:

	Number of common shares outstanding- beginning balance	Weighted average number of treasury common shares	Weighted average number of common shares outstanding
Nine months ended September 30, 2003	328,258,685	(3,081,987)	325,176,698
Three months ended September 30, 2003	328,258,685	(3,210,111)	325,048,574
Nine months ended September 30, 2002	317,677,416	(286,853)	317,390,563
Three months ended September 30, 2002	317,677,416	(770,735)	316,906,681

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Diluted EPS is computed by dividing diluted net income, which is adjusted by adding back the after-tax amount of interest expenses on any convertible debt and dividends on any convertible stocks by the weighted average number of common shares and diluted securities outstanding during the year.

Diluted ordinary income per share is computed by dividing diluted ordinary income allocated to common stock which is diluted net income allocated to common stock as adjusted by extraordinary gains or losses net of related income taxes by the weighted average number of common shares and diluted securities outstanding during the year assuming conversion into common shares at the beginning of the year.

Weighted average number of common shares outstanding before and after dilution for the nine-month period and three-month period ended September 30, 2002 are calculated as follows:

	<u>Nine-month period</u>	<u>Three-month period</u>
Weighted average number of common shares before dilution	317,390,563	316,906,681
Convertible bonds	10,581,269	10,581,269
Employee stock option	303,019	
Diluting shares	10,884,288	10,581,269
Diluted weighted average number of common shares	328,274,851	327,487,950

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Diluted EPS for the nine-month periods ended September 30, 2003 is calculated as follows (in millions of Won):

	<u>Nine-month period</u>	<u>Three-month period</u>
Net income after income taxes	(Won) 1,512,868	(Won) 348,844
Interest expenses on convertible bonds	4,556	1,533
Stock compensation expenses	431	
	<u>1,517,855</u>	<u>350,377</u>
Diluted net income for nine months ended September 30, 2003		
Weighted average number of common shares outstanding	328,274,851	327,487,950
	<u>4,624</u>	<u>1,070</u>
Diluted earnings per share (in Won)	(Won)	(Won)

The interest expenses on convertible bonds and stock compensation expenses used in the calculation of the diluted EPS are net of the tax effect. The number of common shares assumed to be convertible bonds is calculated by dividing the total convertible bond amount by the conversion price per share.

Earnings(Loss) per share, ordinary income per share, diluted EPS and diluted ordinary income per share for the three-month period ended March 31, 2003, for the three-month period ended June 30, 2003 and for the year ended December 31, 2002, are calculated as follows.

	<u>December 31, 2002</u>	<u>March 31, 2003</u>	<u>June 30, 2003</u>
Earnings(Loss) per share	(Won)4,123	(Won)227	(Won) (-)352
Ordinary income per share	4,123	227	(-)352
Diluted EPS	4,123	227	(-)352
Diluted ordinary income per share	4,123	227	(-)352

27. Assets and Liabilities Denominated in Foreign Currencies

Significant assets and liabilities denominated in foreign currencies as of September 30, 2003 comprise the following:

	Major Denomination Currencies				
	Millions of Won Equivalent	Thousands of USD Equivalent ^{1*}	Thousands of US Dollars	Thousands of EC Euro	Thousands of Japanese Yen
Assets					
Cash	(Won) 208,123	\$ 180,945	\$ 78,481	19,453	¥ 7,041,090
Due from banks	741,436	644,615	614,246	10,428	1,249,648
Securities	1,180,270	1,026,143	941,906		3,702,245
Loans in foreign currencies	3,832,579	3,332,098	1,538,774	2,832	77,115,778
Bills bought	583,883	468,512	437,329	15,166	768,318
Acceptances and guarantees	6,311	5,487	5,487		
Call loans	154,242	134,100	134,100		
Liabilities					
Deposits	1,303,028	1,132,870	778,231	21,090	24,782,459
Borrowings	3,263,899	2,837,680	2,173,129	57,866	65,035,941
Due to BOK	16,857	14,656	14,656		
Call money	300,087	260,900	217,700		4,000,000
Debentures	842,222	732,239	658,872		
Unsettled foreign exchange liabilities	32,808	28,524	22,212	1,091	353,932

1* Foreign currencies other than US dollars are converted into US dollar amounts using the exchange rates provided by Seoul Money Brokerage Services, Ltd. at September 30, 2003.

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28. Related Party Transactions

Significant transactions with related parties for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

	<u>Accounts</u>	<u>Ending Balance</u>	<u>Transactions Relating to P/L</u>
KB Investment Co., Ltd.	Deposits	13,038	(379)
	Other liabilities	164	
Kookmin Data System Co., Ltd.	Deposits	5,998	(201)
	Commission income		41
	Guarantees	879	
	Accounts payable	1,191	
	Accrued expenses	225	(11,419)
	Prepaid expenses	14	
Kookmin Futures Co., Ltd.	Due from banks	108	2
	Deposits	9,841	(351)
	Guarantees	1,363	
	Accounts payable	21	
	Accrued expenses	178	
	Commission income		7
	Commission expenses		(78)
	Other assets	6	57
	Accrued revenues	7	
Kookmin Bank Luxembourg S.A.	Due from banks	222,264	1,672
	Loans	34,506	390
	Other assets	990	2,644
	Borrowings	168,925	(105)
	Other liabilities		2,051
Kookmin Bank International Ltd. (London)	Due from banks	72,564	698
	Loans	80,514	1,228
	Other assets	247	702
	Borrowings	122,300	(430)
	Other liabilities	1,271	(3,276)
Kookmin Finance H.K. Ltd.	Due from banks	46,008	787
	Loans	85,343	1,274
	Other assets	410	267

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Borrowings	97,883	(3)
Other liabilities	105	(1,410)

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	<u>Accounts</u>	<u>Ending Balance</u>	<u>Transactions Relating to P/L</u>
Kookmin Investment Trust Mgt. Co., Ltd.	Deposits	(Won) 18,490	(Won) (329)
	Other liabilities	161	
	Gain on derivatives transactions		1
	Loss on derivatives transactions		(5)
KB Real Estate Co., Ltd.	Loans	25,000	1,936
	Deposits	1,092	(15)
	Guarantees	1,738	
	Unearned revenues	11	
	Accrued expenses	4	
	Accrued income	1	
Joeeun Industry Co., Ltd.	Loans	139,778	
KB Credit Information Information Co., Ltd.	Other assets		106
	Deposits	11,374	(328)
	Guarantees	3,123	
	Accounts payable		
	Accrued expenses	2,885	
	Commission expenses		(27,998)

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29. Transactions with Financial Institutions

The assets and liabilities related to transactions with financial institutions for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

<u>Accounts</u>	<u>Description</u>	<u>The Bank of Korea</u>	<u>Other banks</u>	<u>Other financial institutions</u>	<u>Total</u>
Cash and due from banks	Due from banks in Won	(Won) 3,424,674	(Won) 34,768	(Won) 140,000	(Won) 3,599,442
	Due from banks in foreign currencies	35,409	701,196	4,831	741,436
		<u>3,460,083</u>	<u>735,964</u>	<u>144,831</u>	<u>4,340,878</u>
Loans	Loans in Won		16,412	748,926	765,338
	Loans in foreign currencies		545,598	72,596	618,194
	Others	600,000	1,366,353	65,608	2,031,961
		<u>600,000</u>	<u>1,928,363</u>	<u>887,130</u>	<u>3,415,493</u>
Deposits	Deposits in Won		756,369	2,740,496	3,496,865
	Deposits in foreign currencies				
			<u>756,369</u>	<u>2,740,496</u>	<u>3,496,865</u>
Borrowings	Borrowings in Won	900,665	1,091,359	5,769	1,997,793
	Borrowings in foreign currencies		2,394,149	18,712	2,412,861
	Others	16,857	648,210	697,900	1,362,967
		<u>917,522</u>	<u>4,133,718</u>	<u>722,381</u>	<u>5,773,621</u>
Debentures	Debentures in Won			274,900	274,900
	Debentures in foreign currencies		833,969		833,969

	833,969	274,900	1,108,869
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30. Interest Bearing Assets and Liabilities

Interest bearing assets and liabilities and related interest income and interest expenses for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

Assets	Average Balance	Interest Income	Average Yield (%)
Due from banks	(Won) 3,425,918	(Won) 7,797	0.30%
Securities	29,089,636	1,181,146	5.43%
Loans	131,098,468	7,216,208	7.36%
	(Won) 163,614,022	(Won) 8,405,151	
Liabilities	Average Balance	Interest Expenses	Average Yield (%)
Deposits	(Won) 125,251,648	(Won) 3,257,955	3.48%
Borrowings	12,422,729	307,758	3.31%
Debentures	17,910,617	821,045	6.13%
	(Won) 155,584,994	(Won) 4,386,758	

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31. Operations of the Trust Accounts

Assets and liabilities of the trust accounts as of September 30, 2003 are classified as principal or dividend guaranteed money trusts, performance money trusts, and property trusts as follows (in millions of Won):

	Guaranteed Money Trusts	Performance Money Trusts	Property Trusts	Total
Securities	(Won) 3,108,066	(Won) 7,863,525	(Won) 848,356	(Won) 11,819,947
Loans	158,901	350,629		509,530
Receivables			21,146,583	21,146,583
Due from banking accounts	280,022	656,338	109,038	1,045,398
Present value discounts	(844)	(26)		(870)
Allowance for loan losses	(68,319)	(55,438)		(123,757)
Other assets	96,368	230,550	12,628	339,546
Total assets	(Won) 3,574,194	(Won) 9,045,578	(Won) 22,116,605	(Won) 34,736,377
Trusts	(Won) 3,268,647	(Won) 8,612,831	(Won) 22,047,490	(Won) 33,928,968
Borrowings	54,012			54,012
Reserves for future losses				
Other liabilities	251,535	432,747	69,115	753,397
Total liabilities	(Won) 3,574,194	(Won) 9,045,578	(Won) 22,116,605	(Won) 34,736,377

The Bank is liable as of September 30, 2003 for the following portion of the difference between the book value and fair value of principal and/or dividend guaranteed money trusts (in millions of Won):

	Book Value	Fair Value	Liable Amount
Principal guaranteed money trusts	(Won) 3,392,142	(Won) 3,464,873	(Won)
Principal and dividend guaranteed money trusts	94,677	102,268	

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(Won) 3,468,819	(Won) 3,567,141	(Won)
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The results of operations of the money trust accounts, from the Bank's management accounting point of view, for the nine-month period ended September 30, 2003 are as follows (in millions of Won):

Trust Account Related Income	Trust Account Related Expenses
Gain on trust management (Won) 176,513	Interest expense on borrowings from trust accounts (Won) 25,886
Early withdrawal penalties 141	Loss on trust management
Interest income on loans to trust accounts 548	
(Won) 177,202	(Won) 25,886

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32. Business Combination with H&CB

The Bank entered into a business combination contract (the Contract) with H&CB on April 23, 2001 and obtained approval from the shareholders for such combination on September 29, 2001. In accordance with the Contract, the Bank completed the legal consolidation with H&CB as of October 31, 2001. Under the Contract, the shareholders of the Bank and H&CB received 1 new common share of the Bank for 1.688346 old shares of the Bank and 1 share of H&CB, respectively. The new common shares of the Bank were listed on the Korea Stock Exchange on November 9, 2001. Despite the legal form of consolidation, the business combination was accounted for as an acquisition with the Bank as acquirer of H&CB's total assets of (Won)67,742,958 million and liabilities of (Won)64,381,185 million.

The Bank's registration statement with the Securities and Exchange Commission of the United States of America was declared effective on September 10, 2001, and the new shares of the Bank are listed on the New York Stock Exchange as ADSs since November 1, 2001.

33. Merger with Kookmin Credit Card Co., Ltd.

The Bank obtained approval from its Board of Directors on May 30, 2003 to merge with Kookmin Credit Card Co., Ltd., (the Subsidiary) of which the Bank owns 74.27% and merged with the Subsidiary on September 30, 2003.

The merger was effected through the issuance of common shares of 8,120,431 by the Bank to the shareholders of Subsidiary as of July 24, 2003, besides the Bank, at a ratio of 0.442983 share of the Bank's common stock for each share of the Subsidiary. The newly issued common share due the transaction constitute 2.4% of total out standing shares of the Bank as of September 30, 2003.

The merger was accounted for as a transaction between entities under common control and therefore the Bank recognized the assets and liabilities transferred at their carrying amounts in the accounts of Kookmin Credit Card Co., Ltd. at the date of transfer. In addition, the accounting method for loans and securities of the Subsidiary were conformed to that of the Bank and consequently, a provision of losses due to the merger amounting (Won)1,652,264 million, comprised of a provision for loan losses of (Won)1,437,961 million and loss on valuation of securities of (Won)214,303 million, was recorded in non-operating expenses.

Kookmin Credit Card Co., Ltd. was established on September 25, 1987, separating its operations from the Bank, and has been conducting its operations including credit card operations, factoring, and consumer financing, under the Credit Card Act. Kookmin Credit Card Co., Ltd.

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merged with Kookmin Mutual Savings & Finance Co., Ltd. on August 22, 1998 and with Jang-Eun Credit Card Co., Ltd. on December 30, 1998, and extended its operations to installment financing and rental business. As of September 30, 2003, Kookmin Credit Card has 12.33 million cardholders, 1.55 million merchants and 45 branches. Kookmin Credit Card Co. Ltd. had its shares registered with KOSDAQ since July 4, 2000.

As of September 30, 2003, the shareholders of Kookmin Credit Card Co. are as follows:

	Number of Shares	Percentage of Ownership
Kookmin Bank	54,365,028	74.27%
Others	18,331,248	25.04%
	72,696,276	99.31%
Treasury stock	503,724	0.69%
	73,200,000	100.00%

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for the three-month and nine-month periods ended September 30, 2003 and 2002

(Unaudited - See Independent Accountant's Report)

The summary balance sheets of the Bank and Kookmin Credit Card Co., Ltd. as of December 31, 2002 and the related statements of operations for the year then ended are as follows (in millions of won):

	<u>Kookmin Bank</u>	<u>Kookmin Credit Card</u>	<u>Total</u> ^{1*}
Cash and due from banks	(Won) 4,599,356	(Won) 103,505	(Won) 4,702,861
Marketable securities	5,676,973	5,176	5,682,149
Investment securities ^{2*}	25,263,777	3,106,951	28,370,728
Loans	126,730,561	9,256,060	135,986,621
Fixed assets	3,092,616	260,600	3,353,216
Other assets	6,135,558	648,956	6,784,514
Total assets	(Won) 171,498,841	(Won) 13,381,248	(Won) 184,880,089
Deposits	(Won) 123,109,653	(Won)	(Won) 123,109,653
Borrowings	10,690,754	5,629,389	16,320,143
Debentures	17,539,007	5,934,298	23,473,305
Other liabilities	10,110,031	899,334	11,009,365
Total liabilities	161,449,445	12,463,021	173,912,466
Capital stock	1,641,293	366,000	2,007,293
Capital surplus	5,864,752	146,591	6,011,343
Retained earnings	2,417,102	407,596	2,824,698
Capital adjustments	126,249	(1,960)	124,289
Total shareholders' equity	10,049,396	918,227	10,967,623
Total liabilities and shareholders' equity	(Won) 171,498,841	(Won) 13,381,248	(Won) 184,880,089
	<u>Kookmin Bank</u>	<u>Kookmin Credit Card</u>	<u>Total</u> ^{1*}
Operating income (loss)	(Won) 2,265,765	(Won) (306,146)	(Won) 1,959,619
Non-operating income	525,280	67,017	592,297
Non-operating expenses ^{2*}	(897,427)	(21,759)	(919,186)
Net income (loss) before income tax expense	1,893,618	(260,888)	1,632,730

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Income tax expense		(583,327)			(583,327)
Net income (loss)	(Won)	1,310,291	(Won)	(260,888)	(Won) 1,049,403

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The summary balance sheets of the Bank and Kookmin Credit Card Co., Ltd. as of September 30, 2003, the merger date, and the related statements of operations for the nine-month period are as follows (in millions of won):

	<u>Kookmin Bank</u>	<u>Kookmin Credit Card^{3*}</u>	<u>Total^{1*}</u>
Cash and due from banks	(Won) 7,543,522	(Won) 39,139	(Won) 7,582,661
Marketable securities	4,003,636	40	4,003,676
Investment securities ^{2*}	25,059,230	2,969,040	28,028,270
Loans	133,299,297	6,854,723	140,154,020
Fixed assets	2,836,450	325,220	3,161,670
Other assets	8,895,431	407,247	9,302,678
Total assets	(Won) 181,637,566	(Won) 10,595,409	(Won) 192,232,975
Deposits	(Won) 128,106,542	(Won)	(Won) 128,106,542
Borrowings	11,691,597	3,240,752	14,932,349
Debentures	17,181,146	4,951,891	22,133,037
Other liabilities	14,858,438	1,199,254	16,057,692
Total liabilities	171,837,723	9,391,897	181,229,620
Capital stock	1,641,293	366,000	2,007,293
Capital surplus	5,864,679	146,591	6,011,270
Retained earnings	2,033,157	691,969	2,725,126
Capital adjustments	260,714	(1,048)	259,666
Total shareholders' equity	9,799,843	1,203,512	11,003,355
Total liabilities and shareholders' equity	(Won) 181,637,566	(Won) 10,595,409	(Won) 192,232,975
	<u>Kookmin Bank</u>	<u>Kookmin Credit Card^{3*}</u>	<u>Total</u>
Operating income (loss)	(Won) 478,392	(Won) 301,213	(Won) 779,605
Non-operating income	670,656	27,656	698,312
Non-operating expenses ^{2*}	(1,885,784)	(18,646)	(1,904,430)
Net income (loss) before income tax expense	(736,736)	310,223	(426,513)
Income tax expense	354,627	(25,850)	(328,777)

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Net income (loss)	(Won) (382,109)	(Won) 284,373	(Won) 97,736
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- 1* Inter-company transactions have not been eliminated in the above summary balance sheets and statements of operations.
- 2* The amount under the equity method of accounting of Kookmin Credit Card Co., Ltd has been recognized by the Bank under investment securities and non-operating expenses.
- 3*. Balance sheet of Kookmin Credit Card Co., Ltd and its statements of operations is unaudited.

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(Unaudited - See Independent Accountant's Report)

34. Statement of Cash Flows

Cash and cash equivalents as of September 30, 2003 as presented in the statements of cash flows are as follows (in millions of Won):

Cash on hand	(Won) 3,040,602
Cash in foreign currencies	208,123
Due from banks in Won	3,600,644
Due from banks in foreign currencies	741,436
	<u>7,590,805</u>
Restricted deposits	(3,608,291)
	<u>(Won) 3,982,514</u>

Major transactions that do not involve cash inflows and cash outflows for the three-month and nine-month periods ended September 30, 2003 are presented as follows (in millions of Won):

	<u>Three-month period</u>	<u>Nine-month period</u>
Change due to the merger with KB Credit Card Co., Ltd.	(Won) 10,595,409	(Won) 10,595,409
Unrealized gains on available-for-sale securities	27,401	88,804
Write-off of loans	1,138,437	1,193,191
Decreases in loan from restructuring	1,878	8,547
Conversion of loans into equity securities	517	6,544

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35. Business Segments

The Bank is organized into five major business segments: retail banking, corporate banking, capital markets activities, credit card operations, and others. The following table shows the distribution of the Bank's operations by business segment as of and for the nine-month period ended September 30, 2003 (in millions of Won):

Account	Retail Banking	Corporate Banking	Capital Markets Activities	Credit Card Operations	Others	Total
Loans	(Won) 77,767,987	(Won) 46,421,664	(Won) 3,526,717	(Won) 9,271,050	(Won) 2,228,63	(Won) 139,216,049
Securities	35,747	70,293	29,833,949		649,126	30,589,115
Fixed assets	1,765,633	516,585	166,954	286,963	333,301	3,069,436
Other assets	1,272,261	272,779	15,535,089	23,216	212,130	17,315,475
Total assets	(Won) 80,841,628	(Won) 47,281,321	(Won) 49,062,709	(Won) 9,581,229	(Won) 3,423,188	(Won) 190,190,075
Operating revenue	(Won) 4,551,896	(Won) 2,458,776	(Won) 3,858,532	(Won) 811,610	(Won) 775,618	(Won) 12,456,432

The Bank principally operates in Korea. Secondary segments are geographically oriented and are segregated into two segments: domestic and overseas operations. The following table shows the distribution of the Bank's operations by geographical market as of and for the nine-month period ended September 30, 2003 (in millions of Won):

	Domestic	Overseas	Total
Loans	(Won) 138,569,913	(Won) 646,136	(Won) 139,216,049
Securities	30,531,016	58,099	30,589,115
Fixed assets	3,066,598	2,838	3,069,436
Other assets	16,930,003	385,472	17,315,475
Total assets	(Won) 189,097,530	(Won) 1,092,545	(Won) 190,190,075
Operating revenue	(Won) 12,409,483	(Won) 46,949	(Won) 12,456,432

36. Reclassification of Prior Financial Statement Presentation

Certain accounts of prior period financial statements have been reclassified to conform to the current interim presentation. These reclassifications have no effect on previously reported net income or shareholders' equity.

37. Subsequent Event

On October 24, 2003, the Board of Directors resolved to acquire the Bank International Indonesia (BII). The Sorak consortium, of which the Bank is a member, was formed for the acquisition of BII and was subsequently named the preferred bidder of 51% of BII on October 29, 2003.

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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.

Kookmin Bank

(Registrant)

Date: November 17, 2003

By: /s/ Jong-Kyoo Yoon

(Signature)

Name: Jong-Kyoo Yoon

Title: Executive Vice President &

Chief Financial Officer