

KOOKMIN BANK
Form 6-K
March 31, 2005
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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 March 2005

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.

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Form 20-F X 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.

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 X

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Summary of Business Report for the Fiscal year 2004

On March 31, 2005, Kookmin Bank filed its business report for the fiscal year of 2004 (the Business Report) with the Financial Supervisory Commission of Korea pursuant to the Securities and Exchange Act of Korea. This is the 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 , us or the Bank mean Kookmin Bank and, as the context may require, its subsidiaries. In addition, 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 Purposes

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 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

- 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

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n September 30, 2003

Completed small-scale merger with Kookmin Credit Card

n December 16, 2003

Completed strategic investment in Bank International Indonesia (BII) through the Consortium of Sorak Financial Holdings, of which we hold 25% stake

n December 19, 2003

Fully privatized through the entire disposition of Korean government's stake in Kookmin Bank

n April 29, 2004

Established a subsidiary, KB Life Co. Ltd., to engage in insurance business

n July 22, 2004

Made an alliance with China Construction Bank for the foreign currency business

n August 31, 2004

Made a contract with ING for the strategic investment on KB Life

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n October 29, 2004

Appointed Mr. Chung Won Kang as the President & CEO in Extraordinary General Shareholders Meeting

n November 09, 2004

Integrated three labor unions (former Kookmin Bank, former H&CB, former Kookmin Credit Card) into a single KB labor union

Table of Contents**1.3. Capital Structure****1.3.1. Common Shares**

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

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, 2002, 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 October 1, 2003. Accordingly, as of December 31, 2004, total 336,379,116 shares were issued with 1,681,896 million Won of paid-in capital.

1.3.2. Treasury Stock

The following table shows the acquisition and disposition of our treasury stock as of December 31, 2004.

(Units: in millions of Won unless indicated otherwise)

<u>Date</u>	<u>Transaction</u>	<u>Number of share</u>	<u>Acquisition/ Disposition amount</u>	<u>Average cost per one share (Won)</u>
November 15, 2001	Acquisition of fractional shares in the course of the merger	41,548	1,794,885	43,200
December 24, 2001	Disposition due to exercise of stock option by a grantee	10,000	432,003	43,200
April 3, 2002	Acquisition of fractional shares due to stock dividend	36,089	2,071,557	57,400
May 14, 2002	Disposition pursuant to the Bank Act of Korea	31,548	1,601,944	50,788
	Acquisition pursuant to the Securities and Exchange Act of Korea	3,000,000	147,632,489	49,210

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July 30 ~ October 23, 2002				
December 24, 2002	Disposition due to exercise of stock option by a grantee	10,000	492,294	49,229
January 15, 2003	Disposition due to exercise of stock option by a grantee	10,000	492,294	49,229
September 4 ~ 9, 2003				
October 16, 2003	Acquisition pursuant to the Securities and Exchange Act of Korea	650,000	29,094,064	44,760
	Acquisition of fractional shares due to the Merger with Kookmin Credit Card	5,095	214,254	42,050
4th quarter, 2003	Disposition due to exercise of stock option by grantees	78,322	3,792,977	48,428
December 17, 2003	Acquisition from the sale of Korean government shares of the Bank	27,423,761	1,198,568,158	43,700
December 26, 2003	Disposition due to contribution to ESOP account	1,000,000	44,252,000	44,252
1st quarter, 2004	Disposition due to exercise of stock option by grantees	30,855	1,365,396	44,252
2nd quarter, 2004	Disposition due to exercise of stock option by grantees	55,593	2,460,101	44,252
3rd quarter, 2004	Disposition due to exercise of stock option by grantees	592	26,197	44,252
4th quarter, 2004	Disposition due to exercise of stock option by grantees	48,374	2,140,646	44,252
Total		29,881,209	1,322,319,555	

Table of Contents**1.3.3. Stock Option**

The following table is the breakdown of stock options Kookmin Bank has granted to the directors and employees as of December 31, 2004.

(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	Jung Tae Kim	Chairman, President & CEO	01-Nov-01	31-Oct-04	5,000	400,000	400,000	0
27-Feb-99	Choul Ju Lee	Auditor & Executive Director	28-Feb-02	27-Feb-05	13,900	30,000	30,000	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	Sung Chul Kim	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Woo Jung Lee	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Kuk Ju Kwon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Sun Jin Kim	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	1,100	5,900
28-Feb-00	Joon Park	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Moon Soul Chung	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Ju Hyun Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	4,800	0
28-Feb-00	Heung Soon Chang	Non Executive Director	01-Mar-03	28-Feb-06	27,600	2,486	0	2,486
28-Feb-00	In Joon Kang	Non Executive Director	01-Mar-03	28-Feb-06	27,600	2,486	0	2,486
28-Feb-00	Sung Hee Jwa	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Seung Woo Nam	Non Executive Director	01-Mar-03	28-Feb-06	27,600	1,928	0	1,928
28-Feb-00	Woon Youl Choi	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,909	4,909	0
28-Feb-00	Kyung Hee Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Sung Cheon Hong & 9 others	Employees	01-Mar-03	28-Feb-06	27,600	67,283	30,975	36,308
24-Mar-01	Young Il Kim	Executive Vice President	25-Mar-04	24-Mar-07	25,100	30,000	0	30,000
24-Mar-01	Jong In Park	Executive Vice President	25-Mar-04	24-Mar-07	25,100	19,333	0	19,333
24-Mar-01	Won Bae Yoon	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318
24-Mar-01	Jae Kyu Lee	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318
24-Mar-01	Chul Soo Ahn	Non Executive Director	25-Mar-04	24-Mar-07	25,100	1,916	0	1,916
24-Mar-01	Jae Han Kim & 2 others	Employees	25-Mar-04	24-Mar-07	25,100	16,491	11,216	5,275
18-Mar-00	Sang Hoon Kim	Chairman & CEO	19-Mar-03	18-Mar-05	23,469	41,460	27,300	14,160
18-Mar-00	Jong Min Lee	Auditor & Executive Director	19-Mar-03	18-Mar-05	23,469	14,807	14,807	0
18-Mar-00	Se Jong Oh	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	2,961	0
18-Mar-00	In Kie Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Jin Ho Hwang	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Bong Ho Paick	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Bock Woan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	11,845	0
18-Mar-00	Yoo Hwan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	5,845	6,000
18-Mar-00	Duk Hyun Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845
15-Mar-01	Sang Hoon Kim	Chairman & CEO	16-Mar-04	15-Mar-09	28,027	29,614	1,000	28,614
15-Mar-01	Jong Min Lee	Auditor & Executive Director	16-Mar-04	15-Mar-09	28,027	14,807	0	14,807
15-Mar-01	In Kie Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Hyung Jin Chang	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	2,961	0
15-Mar-01	Ji Hong Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961

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15-Mar-01	Bong Ho Paick	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Ik Rae Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Seung Heon Han	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Young Seok Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Se Woong Lee	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961

* 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				
15-Mar-01	Chang Ki Min	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	2,961	0
15-Mar-01	Bock Woan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Yoo Hwan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Duk Hyun Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Ok Hyun Yoon	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Tai Gon Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	4,845	7,000
15-Mar-01	Byung Sang Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Byung Jin Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Han Koo Ji & 46 others	Employees	16-Mar-04	15-Mar-09	28,027	47,381	10,289	37,092
16-Nov-01	Jung Tae Kim	President & CEO	17-Nov-04	16-Nov-09	X ¹	500,000	0	500,000
16-Nov-01	Sang Hoon Kim	Chairman	17-Nov-04	16-Nov-09	X ¹	150,000	0	150,000
22-Mar-02	Choul Ju 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	Keun Shik Oh	Non Executive Director	23-Mar-05	22-Mar-10		3,321	0	3,321
22-Mar-02	Dong Soo Chung	Non Executive Director	23-Mar-05	22-Mar-10	Y ²	10,000	0	10,000
22-Mar-02	Ji Hong Kim	Non Executive Director	23-Mar-05	22-Mar-10		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	Sun Jin Kim	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Moon Soul Chung	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Kyung Hee Yoon	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Jong Kyoo Yoon	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bong Hwan Cho	Executive Vice President	23-Mar-05	22-Mar-10	57,100	9,498	0	9,498
22-Mar-02	Bum Soo Choi	Executive Vice President	23-Mar-05	22-Mar-10	57,100	13,339	0	13,339
22-Mar-02	Bock Woan Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	13,339	0	13,339
22-Mar-02	Ki Taek Hong	Executive Vice President	23-Mar-05	22-Mar-10	57,100	19,525	0	19,525
22-Mar-02	Sung Hyun Chung	Executive Vice President	23-Mar-05	22-Mar-10	57,100	19,525	0	19,525
22-Mar-02	Ki Sup Shin	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Seong Kyu Lee	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Byung Sang Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	9,498	0	9,498
22-Mar-02	Jong Young Yoon & 15 others	Employees	23-Mar-05	22-Mar-10	57,100	148,810	0	148,810
26-Jul-02	Donald H. MacKenzie	Executive Vice President	27-Jul-05	26-Jul-10	58,800	30,000	0	30,000
21-Mar-03	Moon Soul Chung	Non Executive director	22-Mar-06	21-Mar-11	Y ³	10,000	0	10,000
21-Mar-03	Sun Jin 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	Kyung Hee Yoon	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Suk Yong 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	Ki Hong Kim	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Eun Joo Park	Non Executive director	22-Mar-06	21-Mar-11		3,351	0	3,351
21-Mar-03	Cheol Soo Ahn	Non Executive director	22-Mar-06	21-Mar-11		3,351	0	3,351

1. Exercise price = 51,200 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 - 207.25) / 207.25 x 100.
2. 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.
3. 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.

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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	Kyung Bae Suh	Non Executive director	22-Mar-06	21-Mar-11		3,351	0	3,351
21-Mar-03	Sung Chul Kim	Executive Vice President	22-Mar-06	21-Mar-11	35,500	9,443	0	9,443
21-Mar-03	Woo Jung Lee	Executive Vice President	22-Mar-06	21-Mar-11	35,500	9,443	0	9,443
21-Mar-03	See Young Lee	Executive Vice President	22-Mar-06	21-Mar-11	35,000	7,024	0	7,024
21-Mar-03	Won Suk Oh & 6 others	Employees	22-Mar-06	21-Mar-11	35,500	90,000	0	90,000
27-Aug-03	Jin Baek Cheong	Executive Vice President	28-Aug-03	27-Aug-11	40,500	5,091	0	5,091
22-Mar-01	Han Kyoung Lee	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
22-Mar-01	Jun Chae Song	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
22-Mar-01	Cheol Ho Kim	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	4,429	0	4,429
22-Mar-01	Myoung Woo Lee	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	4,429	0	4,429
29-Mar-02	Boung Hak Kim	Former KCC Officer	30-Mar-04	29-Mar-11		3,330	0	3,330
29-Mar-02	Sun Lee	Former KCC Officer	30-Mar-04	29-Mar-11	Y ⁴	3,330	0	3,330
29-Mar-02	Jang Ok Kim	Former KCC Officer	30-Mar-04	29-Mar-11		3,330	0	3,330
09-Feb-04	Young II Kim	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	10,000	0	10,000
09-Feb-04	Jeung Lak Lee	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	10,000	0	10,000
09-Feb-04	Sang Jin Lee	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	10,000	0	10,000
09-Feb-04	Yun Keun Jung	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	5,000	0	5,000
09-Feb-04	Kuk Shin Kang & 9 others	Employees	10-Feb-07	09-Feb-12	46,100	50,000	0	50,000
23-Mar-04	Dong Soo Chung	Non Executive Director	24-Mar-07	23-Mar-12		5,000	0	5,000
23-Mar-04	Woon Youl Choi	Non Executive Director	24-Mar-07	23-Mar-12		5,000	0	5,000
23-Mar-04	Wang Ha Cho	Non Executive Director	24-Mar-07	23-Mar-12	Y ⁵	5,000	0	5,000
23-Mar-04	Young Soon Cheon	Non Executive Director	24-Mar-07	23-Mar-12		5,000	0	5,000
23-Mar-04	Jung Young Kang	Senior Executive Vice President	24-Mar-07	23-Mar-12	47,200	10,000	0	10,000
01-Nov-04	Chung Won Kang	President & CEO	02-Nov-07	01-Nov-12	X ⁶	700,000	0	700,000
Total						3,099,868	567,814	2,532,054

⁴ 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

⁵ Exercise price = 47,200 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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- ⁶ Exercise price = 37,600 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4). The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period - KOSPI Banking Industry Index as of the grant date) / KOSPI Banking Industry Index as of the grant date.

Table of Contents**1.4. Employee Stock Ownership Association**

	Beginning			Ending	
	balance	Increase	Decrease	(December 31, 2004)	Balance
	_____	_____	_____	_____	_____
Registered common stock	1,000,000	968,427	24,216	1,944,211	Remarks
Total	1,000,000	968,427	24,216	1,944,211	

1.5. Dividend

The following table shows dividend policy and the related information for the last three years. The Board of Directors of Kookmin Bank made a resolution to pay dividend for the fiscal year of 2004, and shareholders of Kookmin Bank approved of the dividend payout for the year at the general shareholders meeting held on March 18, 2005

(Units: in millions of Won unless indicated otherwise)

	2004	2003	2002
	_____	_____	_____
Net (loss) income for the period	555,250	(930,356)	1,310,291
Diluted (loss) earnings per share (Won)	1,811₁	(2,854)	4,123
Maximum amount available for dividend	767,896₂		1,192,643
Total dividend amount	168,574		325,232
Dividend payout ratio (%)	30.36₃		24.82
Cash dividend per common share (Won)	550		1,000
Stock dividend per common share (%)			
Dividend per preferred share (Won)			
Dividend yield ratio (%)	1.42₄		2.19
Book value per common share (Won)	27,067₅	25,672	30,614

¹ Earnings per share = net income (555,250,000,000 Won) / weighted average number of shares (306,529,707 shares)

² Maximum amount available for dividend = Total Asset (179,727,184 millions of Won) - total liability (170,622,543 millions of Won) - common stock & transferred from prior years' reserves (8,281,145 millions of Won) - appropriated amount pursuant to the relevant rules and regulations (55,600 millions of Won)

³ Dividend payout ratio = total dividend amount for common shares (168,574,000,000 Won) / net income (555,250,000,000 Won).

⁴ Dividend yield ratio = dividend per share (550 Won) / average closing price for a week based on business day prior to market closing date of December 31, 2004 (38,720 Won)

⁵ Book value per common share = total shareholders' equity (9,104,641 millions of Won) / total issued shares as of December 31, 2004 (336,379,116 shares).

Table of Contents**2. Business****2.1. Sources and Uses of Fund****2.1.1. Sources of Fund**

(Unit: in millions of Won)	December 31, 2004		December 31, 2003		December 31, 2002	
	Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency						
Deposits	118,017,849	3.29	117,045,837	3.69	113,157,719	4.21
Certificate of deposit	6,108,179	4.06	4,068,327	4.45	2,119,900	4.82
Borrowings	3,053,890	3.43	3,625,926	3.89	4,568,873	4.45
Call money	1,117,576	3.55	1,315,639	3.93	1,039,249	4.02
Other	23,376,439	5.61	23,311,299	5.91	14,254,281	6.70
Subtotal	151,673,933	3.68	149,367,028	4.06	135,140,022	4.49
Foreign currency						
Deposits	1,777,402	0.61	1,276,952	0.84	1,096,544	1.28
Borrowings	2,796,300	0.94	3,462,883	1.01	2,269,774	2.45
Call money	145,809	1.43	150,609	1.07	293,151	1.65
Finance debentures issued	824,745	2.28	773,840	2.11	1,071,848	3.57
Other	40,383		26,491		23,087	
Subtotal	5,584,639	1.04	5,690,775	1.12	4,754,404	2.67
Other						
Total Shareholders Equity	9,284,477		12,053,112		14,586,550	
Allowances	459,124		98,422		63,039	
Other	12,773,040		9,509,283		3,717,379	
Subtotal	22,516,641		21,660,817		18,366,968	
Total	179,775,213	3.14	176,718,620	3.47	158,261,394	3.92

Table of Contents**2.1.2. Uses of Fund**

(Unit: in millions of Won)	December 31, 2004		December 31, 2003		December 31, 2002	
	Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency						
Due from banks	184,593	0.83	165,358	1.37	1,041,865	4.62
Securities	23,930,678	5.17	30,069,922	7.26	30,180,305	6.32
Loans	125,504,672	6.64	121,725,298	7.10	105,188,481	7.79
Advances for customers	71,213	2.01	96,547	5.79	91,583	4.35
Call loan	1,661,772	3.78	685,953	3.92	736,571	4.36
Private placement corporate bonds	1,322,470	6.58	1,287,623	10.26	1,631,524	7.32
Credit card accounts	9,581,330	10.83	6,698,954	10.44	5,719,359	10.25
Other	172,783		298,858		374,718	
Allowance for credit losses (-)	3,844,941		1,823,976		1,437,960	
Subtotal	158,584,570	6.86	159,204,537	7.41	143,526,446	7.66
Foreign currency						
Due from banks	632,526	1.34	612,862	1.33	253,390	1.35
Securities	1,208,124	3.88	1,269,538	5.23	1,302,214	7.97
Loans	2,675,293	3.61	2,785,091	3.11	3,216,042	3.39
Call loan	114,606	1.63	84,803	1.28	188,465	1.98
Bills bought	1,904,560	1.88	1,983,368	1.83	835,356	4.71
Other	4,812		12,391		15,739	
Allowance for credit losses (-)	94,501		132,105		267,194	
Subtotal	6,445,420	2.97	6,615,948	3.03	5,544,012	4.95
Other						
Cash	965,852		968,815		914,639	
Fixed assets held for business	3,084,589		3,210,463		3,126,812	
Other	10,694,782		6,718,857		5,149,485	
Subtotal	14,745,223		10,898,135		9,190,936	
Total	179,775,213	6.16	176,718,620	6.79	158,261,394	7.12

Table of Contents**2.1.3. Fee Transactions**

(Unit: in millions of Won)

	December 31, 2004	December 31, 2003	December 31, 2002
Fee Revenue			
Won currency			
Guarantees	4,957	4,727	6,323
Commissions received	776,852	638,381	467,332
Credit card	1,599,205	749,661	603,366
NHF	160,874	174,910	194,841
Foreign currency			
Guarantees	2,593	3,310	2,726
Others	75,016	65,010	70,793
Subtotal	2,619,497	1,635,999	1,345,381
Fee Expense			
Won & foreign currency			
Commissions paid in Won	78,681	64,400	207,216
Credit card	353,324	181,623	105,795
Others	20,169	24,383	17,374
Subtotal	452,174	270,406	330,385
Fee Income	2,167,323	1,365,593	1,014,996

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

The following table shows the average balances of our deposits for the periods ended and ending balances as of the dates indicated.

(Unit: in millions of Won)

	December 31, 2004		December 31, 2003		December 31, 2002	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Deposits in Won						
Demand deposits	12,994,946	14,338,784	12,192,971	14,110,288	10,654,651	12,987,742
Time & savings deposits	96,637,551	94,723,601	96,668,084	97,616,747	93,347,999	93,630,423
Mutual installment deposits	6,682,928	6,306,923	6,958,043	7,054,752	8,058,664	7,491,115
Mutual installment for housing	5,453,713	5,295,274	5,161,535	5,423,853	4,463,601	4,872,637
Certificates of deposits	6,108,179	4,911,891	4,068,327	6,499,258	2,119,900	3,044,089
Subtotal	127,877,317	125,576,473	125,048,960	130,704,898	118,644,815	122,026,006
Deposits in foreign currency	1,769,828	1,434,061	1,276,952	1,475,374	1,096,544	1,083,647
Trust deposits						
Money trust	7,701,447	7,028,835	13,064,749	10,278,357	17,214,936	15,356,285
Property trust	16,297,382	12,534,329	24,512,746	21,453,761	16,783,690	26,852,684
Subtotal	23,998,829	19,563,164	37,577,495	31,732,118	33,998,626	42,208,969
Total	153,645,974	146,573,698	163,903,407	163,912,390	153,739,985	165,318,622

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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	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Deposits	123,945	119,593	121,137
Deposits in Won	122,585	118,756	120,336

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)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Deposits	7,232	7,487	7,256
Deposits in Won	7,152	7,434	7,208

2.2.4. Loan Balances

The following table shows the average balances of our loans for the periods ended and ending balances as of the dates indicated.

(Unit: in millions of Won)

	<u>December 31, 2004</u>		<u>December 31, 2003</u>		<u>December 31, 2002</u>	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Loans in Won	125,496,237	122,721,898	121,705,493	123,715,244	105,106,146	116,441,303
Loans in foreign currency	4,011,351	3,860,828	4,160,185	4,019,929	3,228,857	4,417,176
Advances to customers	73,801	32,120	107,091	89,665	106,380	52,430
Subtotal	129,581,389	126,614,846	125,972,769	127,824,838	108,441,383	120,910,909
Trust account loans	429,054	361,906	531,500	489,788	789,614	575,412
Total	130,010,443	126,796,752	126,504,269	128,314,626	109,230,997	121,486,321

2.2.5. Loan Balances as of December 31, 2004 by Remaining Years to Maturities

(Unit: in millions of Won)

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	<u>Less than 1 year</u>	<u>More than 1 year~ less than 3 years</u>	<u>More than 3 years~ less than 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Loans in Won	71,544,871	31,873,085	6,594,073	12,709,869	122,721,898
Loans in foreign currencies	2,828,026	372,264	153,957	506,581	3,860,828

Table of Contents**2.2.6. Loan Balances by Types**

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)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Loans to enterprise			
Loans for operations	31,678,117	35,351,506	35,369,066
Loans for facility	6,286,747	6,631,703	5,963,631
Loans to households	42,790,337	42,884,305	40,477,483
Loans to public sector & others			
Loans for operations	673,456	526,227	738,632
Loans for facility	40,383	42,473	39,414
Loans on property formation savings	9,719	62,963	95,252
Loans for housing	41,234,086	38,199,290	33,731,435
Inter-bank loans	6,114	12,815	20,941
Others	2,939	3,962	5,449
Total	<u>122,721,898</u>	<u>123,715,244</u>	<u>116,441,303</u>

2.2.7. Loan to Deposit Ratio

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

(Units: in millions of Won, %)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Loans¹ (A)	125,496,237	121,705,493	105,106,146
Deposits² (B)	127,877,317	125,048,960	118,644,815
Loan to deposit ratio (A/B)	<u>98.14</u>	<u>97.33</u>	<u>88.59</u>

2.2.8. Acceptances and Guarantees

(Unit: in millions of Won)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Determined	975,788	800,297	1,031,698
Contingent	1,311,774	1,281,518	1,306,878
Total	<u>2,287,562</u>	<u>2,081,815</u>	<u>2,338,576</u>

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

Table of Contents**2.2.9. Breakdown of Securities Investment**

The following table shows the average balances of our securities for the periods ended and ending balances as of the indicated dates.

(Unit: in millions of Won)

	December 31, 2004		December 31, 2003		December 31, 2002	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Securities in Won (Banking account)						
Monetary stabilization bonds	7,150,535	12,862,380	4,343,978	5,540,598	2,834,534	3,269,269
Government and public bonds	4,753,135	6,059,738	5,630,422	5,885,595	4,272,946	5,252,321
Debentures	7,013,765	7,138,642	12,315,840	8,936,220	14,785,782	13,654,797
Stocks	1,003,131	1,288,113	1,380,254	877,013	2,146,149	1,661,682
Others	5,332,583	502,689	7,687,051	7,299,404	7,809,012	7,162,134
Subtotal	25,253,149	27,851,562	31,357,545	28,538,830	31,848,423	31,000,203
Securities in Won (Trust account)						
Monetary stabilization bonds	1,222,004	1,152,621	984,380	878,077	1,309,515	583,379
Government and public bonds	922,790	837,080	1,182,165	1,252,419	2,023,503	1,323,195
Debentures	2,363,630	2,312,459	5,876,064	4,080,362	8,035,960	7,600,794
Stocks	564,538	510,650	763,277	592,379	904,921	924,514
Others	2,101,832	2,324,393	3,208,160	2,106,262	3,945,649	3,821,884
Securities in foreign currency (Trust Account)	662,549	449,415	868,819	767,675	559,964	747,253
Subtotal	7,837,343	7,586,618	12,882,865	9,677,174	16,779,512	15,001,019
Securities in foreign currency (Banking account)						
Foreign securities	894,722	950,807	999,806	1,072,483	945,199	960,749
Off-shore foreign securities	313,402	295,775	269,732	277,663	320,423	255,878
Subtotal	1,208,124	1,246,582	1,269,538	1,350,146	1,265,622	1,216,627
Total	34,298,616	36,684,762	45,509,948	39,566,150	49,893,557	47,217,849

2.2.10. Trust Account

(Unit: in millions of Won)

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	December 31, 2004		December 31, 2003		December 31, 2002	
	Total amount trusted	Trust fees	Total amount trusted	Trust fees	Total amount trusted	Trust fees
Return-guaranteed trust	369	8,365	559	45,682	1,528	59,530
Performance trust	23,998,460	93,856	37,576,936	186,851	33,997,098	241,444
Total	23,998,829	102,221	37,577,495	232,533	33,998,626	300,974

Table of Contents**2.2.11. Credit Card**

(Unit: in millions of Won unless indicated otherwise)

	As of or for the years ended of indicated dates		
	December 31, 2004	December 31, 2003	December 31, 2002
Number of card holders (Person)			
Corporate	182,109	147,813	153,425
Individual	11,362,173	10,990,703	11,638,968
Number of merchants	1,491,730	1,528,872	1,589,015
Profit			
Sales ¹	66,348,465	92,535,500	111,076,680
Fee revenue	2,800,901	4,012,017	3,482,289

2.3. Branch Networks

As of December 31, 2004, we had 1,107 branches and 38 sub-branches in Korea, the largest number of branches among Korean commercial banks. Approximately 41.5% of our branches and sub-branches are located in Seoul.

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

1. Includes credit card receivables and cash advances.

Table of Contents**2.4. Other Information for Investment Decision****2.4.1. BIS Risk-adjusted Capital Ratios**

(Units: in millions of Won, %)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Risk-adjusted capital (A)	13,482,306	12,499,543	14,439,313
Risk-weighted assets (B)	121,079,059	127,370,180	138,703,021
BIS ratios (A/B)	11.14	9.81	10.41

2.4.2. Non-Performing Loans¹

(Units: in millions of Won unless indicated otherwise)

<u>December 31, 2004</u>		<u>December 31, 2003</u>		<u>Change</u>	
<u>Amount</u>	<u>NPL to total loans</u>	<u>Amount</u>	<u>NPL to total loans</u>	<u>Amount</u>	<u>NPL to total loans</u>
3,207,190	2.35%	4,202,254	2.99%	-995,064	-0.64% p

2.4.3. Loan Loss Allowances

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

(Units: in millions of Won)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Loan losses allowance			
Loans in Won	3,181,433	3,946,059	2,407,222
Loans in foreign currencies	4,662	2,677	13,188
Total	3,186,095	3,948,736	2,420,410

Provision for loan losses	3,080,256	1,436,013	1,604,751
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1. Non-performing loans are defined as those loans that are past due more than 90 days or that are placed non-accrual status according to the Financial Supervisory Service's guidelines.

Table of Contents**2.4.4. Changes of Loan Loss Allowances for Recent Three Years**

(Unit: in millions of Won)

	December 31, 2004	December 31, 2003	December 31, 2002
Beginning balance¹	3,948,736	2,420,410	2,330,283
Net Write-Off	(3,842,897)	92,313	(1,514,624)
Write-Off	(5,260,962)	(4,509,979)	(1,527,311)
Recovery	286,464	270,422	269,533
Other	1,131,601	4,331,870	(256,846)
Provision for loan losses²	3,080,256	1,436,013	1,604,751
Ending balance	3,186,095	3,948,736	2,420,410

¹ Includes present value discounts on allowances for loans, allowances for ABS 2nd beneficiary certificate reclassified into credit card receivables, allowances related to credit card claimed assets and allowance for other assets amounting to 22,780 million won, 192,221 million won, 27,291 million won and 16,103 million won, respectively, that had been recorded as of December 31, 2003

² Includes other allowances for other asset amounting to 12,008 million won as of December 31, 2004 (4,832 million won: December 31, 2003)

Table of Contents**3. Financial Information****3.1. Non-Consolidated Condensed Financial Statements**

(Unit: in millions of Won)

	As of or for the years ended of indicated dates	
	December 31, 2004	December 31, 2003
Cash and due from banks	5,177,758	6,526,345
Securities	27,598,737	26,908,462
Loans	136,034,323	141,138,972
Fixed assets	2,633,218	3,019,556
Other assets	8,283,148	6,508,855
Total assets	179,727,184	184,102,190
Deposits	127,010,534	132,180,272
Borrowings	9,634,296	10,902,800
Debentures	21,867,820	19,192,581
Other liabilities	12,109,893	13,589,031
Total liabilities	170,622,543	175,864,684
Capital stocks	1,681,896	1,681,896
Capital surplus	6,230,738	6,230,738
Retained earnings	2,041,691	1,485,111
Capital adjustments	(849,684)	(1,160,239)
Total shareholders equity	9,104,641	8,237,506
Liabilities and Shareholders Equity	179,727,184	184,102,190
Operating revenue	20,879,860	15,570,605
Operating income	2,089,168	2,485,901
Continuing (loss) income before income taxes	898,598	(1,386,760)
Net (loss) income	555,250	(930,356)

3.2. Other Financial Information

See the previously disclosed Kookmin Bank Non-consolidated Audit Report by our independent auditors for our full financial statements and relevant notes on 9th March 2005. The Report is also available at our website www.kbstar.com.

See the Exhibit 99.1 Kookmin Bank Consolidated Audit Report by our independent auditors for our full-consolidated financial statements and relevant notes.

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

Samil Accounting Corporation, a Korean member firm of PRICEWATERHOUSECOOPERS, has reviewed our financial statements for the fiscal year of 2004. The aggregate contract fee for the audit and review fees for the fiscal year 2004 is 1,200 million Won.

4.2. Non-Audit Services

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

(Units: in millions of Won unless indicated otherwise)

<u>Year</u>	<u>Service description</u>	<u>Amount of payment</u>
2004	- Refinancing	
	- Due Diligence regarding the possible acquisition of DITC/KITC	230
	- US GAAP calculation of provision for the third quarter of 2004	300
		100
	- US GAAP conversion for 2004	USD 3,600 thousand
2003	- US GAAP conversion for 2003	USD 3,950 thousand
		USD 3,800 thousand
	- US GAAP conversion for 2002	250
	- Due Diligence on Kookmin Credit Card	USD 30 thousand
2002	- SEC Filing regarding the proposed merger with Kookmin Credit Card	
	- Project for improving the accounting process	690
	- Advisory service for the conversion process in US GAAP	1,450

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5. Corporate Governance and Affiliated Companies

5.1. Board of Directors & Committees under the Board

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 Nominating 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 shareholders meeting. For list of our directors, see 6. Directors, Senior Management and Employees / 6.1. Executive Directors and 6.2. 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 shareholders meeting, the committee examines the agenda for, and financial statements and other reports to be submitted by, the board of directors to each general shareholders meeting. The committee holds regular meetings every quarter and as-needed basis.

Table of Contents**5.3. Compensation to Directors**

For the 12 months period ended December 31, 2004, the aggregate of the remuneration paid by us to the President & CEO and our other executive directors and 2) our non-executive directors was 3,344 million Won, 623 million Won, respectively. The following table shows the breakdown of the remuneration.

(Units: in millions of Won)

	<u>The aggregate remuneration paid</u>	<u>Limit for the remuneration resolved by shareholders meeting</u>	<u>Average amount of the payment per person</u>
1) Executive Directors	3,344	8,000	836
2) Non Executive Directors	623		42
Total	3,967	8,000	209

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

See 1.3.3. Stock Option.

5.4. 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 shareholders meeting is adopted by resolution of the board of directors, at which the convening of the general shareholders meeting 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 shareholders meeting.

5.5. Share Ownership

The following table presents information regarding the selected major ownership of our shares as of December 31, 2004, the latest record date.

(Unit: Shares, %)

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<u>Name</u>	<u>Number of Shares of Common Stock</u>	<u>Percentage of Total Issued Shares</u>
The Bank of New York¹	47,503,730	14.12
Kookmin Bank²	29,881,209	8.88
Euro-Pacific Growth Fund	14,326,220	4.26

¹ Depository of ADRs

² Treasury shares with no voting rights

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5.6. Affiliated Companies

5.6.1. List of Affiliates¹

As of December 31, 2004, we have following affiliates.

- n KB Investment Co., Ltd.

- n KB Asset Management Co., Ltd.

- n KB Real Estate Trust Co., Ltd.

- n KB Credit Information Co., Ltd.

- n KB Data Systems Corporation

- n KB Futures Co., Ltd.

- n KB Life Co., Ltd.

- n ING Life Korea Ltd.

- n Kookmin Bank International (London) Ltd.

- n Kookmin Hong Kong Ltd.

- n Sorak Financial Holdings

5.6.2. Operating Results of Affiliates²

(Unit: in millions of Won)

Company name	Closing date	Operating results				
		Total	Total	Total	Net	
		Assets	Liabilities	Equities	Sales	Income
KB Investment	December 31, 2004	87,307	8,523	78,784	21,002	1,709
KB Asset Management³	March 31, 2005	61,432	4,113	57,319	24,401	9,711
KB Real Estate Trust	December 31, 2004	201,221	143,150	58,071	51,693	(40,058)
KB Credit Information	December 31, 2004	28,589	7,522	21,067	38,780	2,405
KB Data Systems Corp.	December 31, 2004	22,257	6,426	15,831	40,076	1,579
KB Futures³	March 31, 2005	35,791	9,973	25,818	8,691	1,056
ING Life Korea³	March 31, 2005	3,461,826	3,228,415	233,411	1,865,503	103,088
Kookmin Bank International (London)	December 31, 2004	340,945	285,238	55,707	13,892	1,924
Kookmin HK Ltd.	December 31, 2004	292,122	227,094	65,028	17,385	7,812
Sorak Financial Holdings	December 31, 2004	303,050	187	302,863	626	(59)

¹ Excluding Jooeun Industry and Jangeun Securities which have been under liquidation procedures. Also excluded as follows; Kookmin Bank Luxembourg.S.A has been completed liquidation procedures on November. Kookmin Singapore Ltd. and Kookmin Finance Asia Limited have been under liquidation procedures.

² Excluding KB Life because it started business on 2, June, 2004 and has not yet closed accounts.

³ Operating results based on the March 31, 2004

Table of Contents**6. Directors, Senior Management and Employees**

As of December 31, 2004, our board of directors, which consists of 4 executive directors and 11 non-executive directors, has the ultimate responsibility for the management of our affairs.

6.1. Executive Directors

Our 4 executive directors consist of the President & CEO, Auditor and two Senior Executive Vice Presidents.

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

<u>Name</u>	<u>Date of Birth</u>	<u>Position</u>	<u>Common Stocks Owned</u>
Chung Won Kang	12/19/1950	President & CEO	
Hyung Duk Chang	08/13/1950	Auditor & Executive Director	
Seong Kyu Lee	10/25/1959	Executive Director & SEVP	
Donald H. MacKenzie	12/20/1948	Executive Director & SEVP	

6.2. 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 December 31, 2004, 11 non-executive directors are in office.

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

<u>Name</u>	<u>Date of Birth</u>	<u>Position</u>	<u>Common Stocks Owned</u>
Moon Soul Chung	03/07/1938	Non-Executive Director	5,571
Richard Elliott Lint	01/04/1946	Non-Executive Director	1,290
Sun Jin Kim	06/08/1942	Non-Executive Director	4,175
Dong Soo Chung	09/24/1945	Non-Executive Director	1,150
Kyung Hee Yoon	01/05/1947	Non-Executive Director	
Suk Yong Cha	06/09/1953	Non-Executive Director	1,810
Bernard S. Black	11/13/1953	Non-Executive Director	1,280
Ki Hong Kim	01/10/1957	Non-Executive Director	1,930
Woon Youl Choi	04/02/1950	Non-Executive Director	9,699
Wang Ha Cho	09/18/1953	Non-Executive Director	941
Young Soon Cheon	02/01/1961	Non-Executive Director	870

Table of Contents**6.3. Senior Management**

In addition to the executive directors who are also our executive officers, we currently have the following 13 executive officers as of December 31, 2004.

<u>Name</u>	<u>Date of Birth</u>	<u>Position</u>	<u>Common Shares Owned</u>
Dong Won Kim	03/01/1953	Senior Executive Vice President	130
Kap Shin	09/04/1955	Senior Executive Vice President	
Yun Keun Jung	07/01/1951	Senior Executive Vice President	2,416
Nam Sik Yang	05/08/0954	Senior Executive Vice President	582
Hyo Sung Won	07/29/1960	Senior Executive Vice President	
Yong Kook Oh	09/30/1949	Senior Executive Vice President	
Sang Jin Lee	05/21/1955	Senior Executive Vice President	1,078
Ahn Sook Koo	03/16/1955	Senior Executive Vice President	
Jung Young Kang	01/29/1951	Senior Executive Vice President	
Young Han Choi	09/24/1958	Senior Executive Vice President	
Dong Soo Choe	03/10/1955	Senior Executive Vice President	
Young II Kim	07/06/1953	Senior Executive Vice President	3,327
Jung Min Kim	05/08/1951	Senior Executive Vice President	94

6.4. Compensation to Directors and Senior Management

The total compensation to both directors and senior management for the fiscal year of 2004, excluding grant of stock options, is 8,246,784,947 Won, and the average compensation amount per person is 183,261,888 Won. During the year, we had 22 directors and 23 executive vice presidents.

6.5. Employees

The following table shows the breakdown of our employees as of December 31, 2004.

(Unit: in millions of Won)

	<u>Number of Employees</u>			<u>Average Tenure of the Full-time Employees</u>	<u>Total Payment for the year of 2004</u>	<u>Average Monthly Payment per Person</u>
	<u>Full-time</u>	<u>Contractual</u>	<u>Total</u>			
Male	14,062	1,214	15,276	16.63	921,458	5.0
Female	4,921	7,635	12,556	13.92	469,751	3.1

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Total	18,983	8,849	27,832	15.93	1,391,209	4.2
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Table of Contents**7. Related Party Transactions**

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.

7.1. Transactions with the Largest Shareholders or Affiliates**7.1.1. Investments in Affiliates¹**

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Beginning Balance (January 1, 2004)	Increase	Decrease	Ending Balance (December 31, 2004)
KB Real Estate Trust	Affiliate	Equity Securities of Affiliate	79,999			79,999
KB Investment	Affiliate	Equity Securities of Affiliate	44,708			44,708
KB Asset Management	Affiliate	Equity Securities of Affiliate	30,670			30,670
KB Futures	Affiliate	Equity Securities of Affiliate	19,996			19,996
KB Data Systems Corp.	Affiliate	Equity Securities of Affiliate	7,998			7,998
KB Credit Information	Affiliate	Equity Securities of Affiliate	4,154	1,714		5,868
KB Life ²	Affiliate	Equity Securities of Affiliate	0	30,000		30,000
ING Life Korea	Affiliate	Equity Securities of Affiliate	14,000			14,000
KOMOCO ³	Affiliate	Equity Securities of Affiliate	30,000		30,000	0
Total			231,525	31,714	30,000	233,239

¹ Excluding Joeeun Industry and Jangeun Securities which have been under liquidation procedures

² Established on 29 April, 2004

³ Disposed on 4 June, 2004

Table of Contents**7.2. Transactions with Other than the Largest Shareholders or Affiliates****7.2.1. Loans and Guarantees**

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Beginning Balance	Ending Balance (December 31, 2004)	Increase / (Decrease) for the period
			(January 1, 2004, or on the date of appointment)		
Kolon Co.	Related party of Non executive director, Wang Ha Cho	Overdraft and etc.	30,000	25,000	25,378 (30,378)
Kolon Construction	Related party of Non executive director, Wang Ha Cho	Overdraft	0	360	360
Hankyoreh Plus	Related party of Senior executive vice president, Seong Kyu Lee	Loans for working capital and etc.	8,645	11,214	4,562 (1,993)
Janssen Korea	Related party of Non executive director, Sun Jin Kim	Corporate loans.	0	6,500	6,500
Hyundai Mipo Dockyard Co.	Related party of Non executive director, Woon Youl Choi	Housing loan	36	36	0
DSME Co.	Related party of Non executive director, Dong Soo Chung	Household loans and etc.	625	93	31 (563)
Total			39,306	43,203	3,897

Table of Contents**7.2.2. Securities Transactions**

(Units: in millions of Won unless indicated otherwise)

Name	Relation with the Bank	Transactions					Par value (won)
		Account	Purchase	Disposal	Sum	Income	
DSME Co.	Related party of						
	Non executive director, Dong Soo Chung	Equity securities	7,223	4,030	11,253	(23)	5,000
LG Household & Health	Related party of						
	Non executive director, Suk Yong Cha	Equity securities	1,688	1,688	3,376	(6)	5,000
Hyundai Mipo Dockyard Co.	Related party of						
	Non executive director, Woon Youl Choi	Equity securities	20,231	16,529	36,760	(1,054)	5,000
Total			29,142	22,247	51,389	(1,083)	

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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: March 31, 2005

By: /s/ Kap Shin

(Signature)

Name: Kap Shin
Title: Senior Executive Vice President &
Chief Financial Officer

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Exhibit Index

Exhibit 99.1_Kookmin Bank Consolidated Audit Report for 2004

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Exhibit 99.1

Kookmin Bank and Subsidiaries

Consolidated Financial Statements

December 31, 2004 and 2003

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Kookmin Bank and Subsidiaries

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Samil PricewaterhouseCoopers
Kukje Center Building
191 Hankangro 2ga, Yongsanku
Seoul 140-702, KOREA
(Yongsan P.O. Box 266, 140-600)

Report of Independent Auditors

To the Board of Directors and Shareholders of

Kookmin Bank and subsidiaries

We have audited the accompanying consolidated balance sheets of Kookmin Bank and its subsidiaries (the Consolidated Company) as of December 31, 2004 and 2003, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the years then ended, expressed in Korean won. These consolidated financial statements are the responsibility of Kookmin Bank's (the Bank) management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of KB Data Systems Co., Ltd., KB Futures Co., Ltd., KB Asset Management Co., Ltd., KB Real Estate Trust Co., Ltd., KB Credit Information Co., Ltd. and Kookmin Bank HK Ltd., whose statements represent 0.35% of total assets as of December 31, 2004, and 0.87% of total revenues for the year then ended. Also, we did not audit the financial statements of KB Futures Co., Ltd., and Kookmin Bank HK Ltd., whose statements represent 0.13% of total assets as of December 31, 2003 and 0.15% of total revenues for the year then ended. These statements were audited by other auditors whose reports have been furnished us and our opinion, insofar as it relates to the amounts included for KB Data Systems Co., Ltd., KB Futures Co., Ltd., KB Asset Management Co., Ltd., KB Real Estate Trust Co., Ltd., KB Credit Information Co., Ltd. and Kookmin Bank HK Ltd., is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kookmin Bank and its subsidiaries as of December 31, 2004 and 2003, and the results of its operations, changes in shareholders' equity, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

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Without qualifying our opinion, we draw your attention to the following matters.

As discussed in Note 37 to the consolidated financial statements, the Bank restated its consolidated financial statements as of and for the year ended December 31, 2003 to correct, as instructed by the Securities and Futures Commission, the overstatement of unrealized gain on investment in associates amounting to (Won)27,159 million, presented as loss on derivatives transactions in the consolidated statement of operations, the understatement of provision for other allowances amounting to (Won)213,157 million and the overstatement of income tax expenses amounting to (Won)63,308 million. Accordingly, the financial statements as of and for the year ended December 31, 2003 included in the audit report dated March 3, 2004, are no longer effective, as they do not reflect the above restatements.

As discussed in Note 1 and Note 38 to the consolidated financial statements, on April 29, 2004, as a means to venture into the insurance business for diversification of revenues, the Bank invested (Won)30,246 million (including acquisition costs) to acquire a 100% ownership of KB Life Insurance Co., Ltd., which was founded to acquire the assets and the liabilities of Hanil Life Insurance Co., Ltd. On January 25, 2005, the Bank sold 49% of its ownership of KB Life Insurance Co., Ltd. to ING Insurance International B.V. at (Won)14,821 million.

As discussed in Note 1 to the consolidated financial statements, Pacific IT Investment Partnership and NPC02-4 Kookmin Venture Fund, which were equity method investees in the prior year, were included in the scope of consolidation.

As discussed in Note 20 to the consolidated financial statements, in accordance with the resolution made by the Board of Directors on December 17, 2003, the Bank's tender for 27,423,761 shares of treasury stock was accepted through public bidding on December 12, 2003 by the Korean government which previously owned 30,623,761 shares. The Bank acquired the said shares at (Won)43,700 per share on December 17, 2003 and intends to sell these shares of treasury stock depending on certain market conditions.

As discussed in Note 2 to the consolidated financial statements, the Consolidated Company changed its accounting on its sale of loans. Previously, the sale proceed of written-off loans was recorded as an adjustment to related allowances and the gain or loss on sale of loans was recognized for non written-off loans for the difference of the book value at the date of sale and the proceeds of the sale. Currently, the sale proceed of written-off loans is not recorded as an adjustment to related allowances but is recorded as the gain or loss on sale of loans and the all gain or loss on sale of loans is calculated by comparing the sale proceeds against its book value on the year end immediately preceding the date of sale. Due to this change, loss on sale of loans increased by (Won)1,183,119 million and gain on sale of loans and allowance for loan losses decreased by (Won)142,531 million and (Won)1,325,650 million, respectively, for the year ended December 31, 2004. The financial statements as of and for the year ended December 31, 2003, presented herein for comparative purposes, were restated to reflect the above changes resulting in an increase in loss on sale of loans by (Won)2,586,725 million, a decrease in gain on sale of loans by (Won)55,216 million and a decrease in provision for loans losses by (Won)2,641,941 million. Such restatement has no effect on the net assets and the net loss as of and for the year ended December 31, 2003.

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Accounting principles and auditing standards and their application in practice vary among countries. The accompanying consolidated 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 audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those who are knowledgeable about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea

February 18, 2005

This report is effective as of February 18, 2005, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Table of Contents**Kookmin Bank and Subsidiaries****Consolidated Balance Sheets****December 31, 2004 and 2003***(in millions of Korean won)*

	2004	2003
Assets		
Cash and due from banks (Note 3)	(Won) 5,251,217	(Won) 6,560,651
Securities, net (Note 4)	30,303,215	29,337,684
Loans, net (Notes 5 and 6)	136,102,701	141,144,849
Fixed assets, net (Note 7)	2,637,118	3,024,948
Other assets, net (Note 8)	8,481,033	6,754,658
Total assets	(Won) 182,775,284	(Won) 186,822,790
Liabilities and Shareholders' Equity		
Deposits (Note 9)	(Won) 130,133,873	(Won) 135,373,286
Borrowings (Note 10)	9,359,595	10,750,820
Debentures (Note 11)	21,867,820	19,182,576
Other liabilities (Note 13)	12,226,696	13,205,072
Total liabilities	173,587,984	178,511,754
Commitments and contingencies (Notes 14 and 16)		
Common stock ((Won)5,000 par value per share, 1 billion authorized shares and 336,379,116 shares outstanding in 2004) (Notes 1 and 17)	1,681,896	1,681,896
Capital surplus (Note 18)	6,238,284	6,237,528
Retained earnings (Note 19)	2,091,960	1,535,656
Capital adjustments (Note 20)	(852,480)	(1,160,814)
Minority interest in consolidated subsidiaries (Note 21)	27,640	16,770
Total shareholders' equity	9,187,300	8,311,036
Total liabilities and shareholders' equity	(Won) 182,775,284	(Won) 186,822,790

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

Table of Contents**Kookmin Bank and Subsidiaries****Consolidated Statements of Operations****Years ended December 31, 2004 and 2003***(in millions of Korean won, except per share amounts)*

	<u>2004</u>	<u>2003</u>
Interest income		
Interest on due from banks	(Won) 12,693	(Won) 10,997
Interest on trading securities	289,393	303,743
Interest on available-for-sale securities	544,483	756,539
Interest on held-to-maturity securities	360,569	1,242,809
Interest on loans	9,862,381	10,647,859
Other interest income	120,980	122,955
	<u>11,190,499</u>	<u>13,084,902</u>
Interest expenses		
Interest on deposits	4,044,051	4,386,806
Interest on borrowings	330,690	591,830
Interest on debentures	1,116,557	1,436,234
Other interest expenses	48,562	60,891
	<u>5,539,860</u>	<u>6,475,761</u>
Net interest income	5,650,639	6,609,141
Provision for loan losses (Note 6)	3,064,528	2,028,696
Net interest income after provision for loan losses	<u>2,586,111</u>	<u>4,580,445</u>
Non-interest income		
Fees & commission income	2,651,130	2,566,553
Dividends on trading securities	3,378	79,121
Dividends on available-for-sale securities	6,883	5,986
Gain on foreign currency transactions	245,694	291,542
Gain on derivatives transactions (Note 15)	4,060,338	1,134,624
Insurance income	58,385	
Others (Note 23)	2,976,927	857,192
	<u>10,002,735</u>	<u>4,935,018</u>
Non-interest expenses		
Fees and commission expenses	442,349	717,604
General and administrative expenses (Note 24)	2,844,108	3,027,164
Loss on foreign currency transactions	294,135	195,212
Loss on derivatives transactions (Note 15)	3,991,366	1,089,971
Insurance expense	43,672	
Others (Note 23)	2,930,558	1,564,883
	<u>10,546,188</u>	<u>6,594,834</u>

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Operating income	2,042,658	2,920,629
Non-operating expenses, net (Note 25)	(1,150,689)	(4,180,551)
Net income (loss) before income tax expense	891,969	(1,259,922)
Income tax (benefit) expense (Note 26)	338,105	(417,666)
Net income (loss) before consolidation adjustment	553,864	(842,256)
Minority interest in earnings of consolidated subsidiaries	(3,132)	(76,502)
Net income (loss)	(Won) 550,732	(Won) (918,758)
Basic (loss) earnings per share (In Korean Won) (Note 27)	(Won) 1,797	(Won) (2,818)
Diluted (loss) earnings per share (In Korean Won) (Note 27)	(Won) 1,797	(Won) (2,818)

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

Table of Contents**Kookmin Bank and Subsidiaries****Consolidated Statements of Changes in Shareholders' Equity****Years ended December 31, 2004 and 2003**

<i>(in millions of Korean won)</i>	<u>Capital</u>	<u>Capital Surplus</u>	<u>Retained Earnings</u>	<u>Capital Adjustments</u>	<u>Minority Interest</u>	<u>Total</u>
Balance, January 1, 2003	(Won) 1,641,293	(Won) 5,968,401	(Won) 2,787,469	(Won) 30,817	(Won) 252,355	(Won) 10,680,335
Merger with Kookmin Credit Card Co.	40,603	271,274			(236,428)	75,449
Net loss			(918,758)			(918,758)
Dividend payment			(325,233)		(2,474)	(327,707)
Reserve for losses on sale of treasury stock		(2,147)		2,147		
Changes in treasury stock				(1,182,235)		(1,182,235)
Unrealized gain on available-for-sale securities, net				(36,891)	(13)	(36,904)
Unrealized gain on investment in associates, net				881		881
Stock options				25,814		25,814
Unrealized gain on derivatives, net				(1,347)		(1,347)
Changes in minority interest					3,330	3,330
Changes in subsidiaries			(7,656)			(7,656)
Others			(166)			(166)
Balance, December 31, 2003	(Won) 1,681,896	(Won) 6,237,528	(Won) 1,535,656	(Won) (1,160,814)	(Won) 16,770	(Won) 8,311,036
<i>(in millions of Korean won)</i>	<u>Capital</u>	<u>Capital Surplus</u>	<u>Retained Earnings</u>	<u>Capital Adjustments</u>	<u>Minority Interest</u>	<u>Total</u>
Balance, January 1, 2004	(Won) 1,681,896	(Won) 6,237,528	(Won) 1,535,656	(Won) (1,160,814)	(Won) 16,770	(Won) 8,311,036
Net income			550,732			550,732
Dividend payment					(1,929)	(1,929)
Reserve for losses on sale of treasury stock				(710)		(710)
Changes in treasury stock				5,992		5,992
Unrealized gain on available-for-sale securities, net				301,445		301,445
Unrealized gain on investment in associates, net				(1,795)		(1,795)
Stock options				3,402		3,402
Changes in minority interest					3,132	3,132
Changes in subsidiaries		756	5,856		9,667	16,279
Others			(284)			(284)
Balance, December 31, 2004	(Won) 1,681,896	(Won) 6,238,284	(Won) 2,091,960	(Won) (852,480)	(Won) 27,640	(Won) 9,187,300

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

Table of Contents**Kookmin Bank and Subsidiaries****Consolidated Statements of Cash flows****Years ended December 31, 2004 and 2003***(in millions of Korean won)*

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Net income (loss)	(Won) 550,732	(Won) (918,758)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Realized gain on trading securities, net	(111,450)	(60,783)
Unrealized gain on trading securities, net	(23,543)	(65,798)
Loss (gain) on foreign currency transactions, net	48,441	(96,330)
Provision for loan losses	3,064,528	2,028,696
Reversal of losses from guarantees and acceptances		(1,209)
Gain on derivatives transactions, net	(68,972)	(44,653)
Gain (loss) on valuation of derivatives, net	(145,482)	18,336
Loss on fair value hedged items, net	(2,175)	(10,715)
Retirement benefits	127,676	129,392
Stock compensation expense	5,101	12,130
Depreciation and amortization	438,184	519,356
Gain (loss) on disposal of fixed assets, net	(12,809)	34,416
Impairment loss on fixed assets, net	16,103	22,228
Realized gain on available-for-sale securities, net	(66,429)	(499,815)
Impairment loss on available-for-sale securities, net	91,312	107,886
Realized gain on held-to-maturity securities, net	(1,514)	(2,771)
Impairment loss on held-to-maturity securities, net		5,840
Unrealized gain on investment in associates, net	(32,507)	(22,675)
Gain on disposal of investment in associates	(1,146)	
Loss on sale of loans, net	1,158,904	2,788,026
Minority interest in earnings of consolidated subsidiaries	3,132	76,502
Provision for guarantee allowance	206	
Provision for other allowance	224,078	627,830
Reversal of loan losses due to merger		1,652,264
Gain on operation of beneficiary certificates, net	(384,747)	
Contribution to insurance reserve	24,332	
Others, net	(8,606)	22,755

Table of Contents**Kookmin Bank and Subsidiaries****Consolidated Statements of Cash flows****Years ended December 31, 2004 and 2003***(in millions of Korean won)*

	<u>2004</u>	<u>2003</u>
Changes in operating assets and liabilities		
Accrued income	58,041	215,068
Prepaid expenses	93,004	(165,084)
Deferred tax assets	169,580	(439,168)
Other assets	4,748	3,320
Accrued expenses	(124,702)	(761,806)
Unearned income	(33,161)	(15,988)
Withholding taxes	(116,050)	31,145
Other liabilities	(128,620)	161,197
Payment of retirement benefits	(41,525)	(39,045)
Retirement pension funds	(30,097)	(68,529)
Account for agency business	(131,017)	49,667
National pension funds		123
Deferred tax liabilities	235	
	<u>4,063,053</u>	<u>6,211,808</u>
Net cash provided by operating activities	<u>4,613,785</u>	<u>5,293,050</u>

Table of Contents**Kookmin Bank and Subsidiaries****Consolidated Statements of Cash flows****Years ended December 31, 2004 and 2003***(in millions of Korean won)*

	<u>2004</u>	<u>2003</u>
Cash flows from investing activities		
Decrease (increase) in due from banks	956,798	(1,178,162)
Decrease in trading securities	1,174,658	2,221,779
Increase in available-for-sale securities	(897,475)	(3,725,426)
(Increase) decrease in held-to-maturity securities	(246,271)	8,228,193
(Disposal) acquisition of investment in associates	33,315	(88,380)
Decrease (increase) in loans granted, net	299,812	(11,069,265)
Proceeds from disposal of fixed assets	188,418	105,902
Acquisition of fixed assets	(218,990)	(347,368)
Acquisition of intangible assets	(3,355)	(2,048)
Proceeds from disposal of foreclosed assets	545	2,830
Acquisition of foreclosed assets	(128)	(165)
Decrease (increase) in guarantee deposits	45,072	(3,528)
(Increase) decrease in other accounts receivable	(570,471)	170,286
Increase in payments in advance	(4,827)	(33,330)
Decrease in derivative assets, net	108,650	130,945
Collection of domestic exchange receivables	91,980	474,995
Collection of loans to trust accounts	16,381	26,060
Increase in provision for other allowances	85,072	
	<u>1,059,184</u>	<u>(5,086,682)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
(Decrease) increase in deposits, net	(5,239,412)	8,506,356
Increase in borrowings, net	(1,391,226)	(4,461,853)
(Decrease) increase in debentures, net	2,685,244	(4,269,961)
Increase (decrease) in borrowings from trust accounts	(2,830,810)	2,874,589
Increase in dividend payable		(325,233)
Decrease (increase) in other accounts payable	850,013	(181,195)
Decrease (increase) in advances received from customers	83,458	(142,668)
Increase (decrease) in guarantee deposits received	(11,967)	2,179
Decrease in domestic exchange payables	(142,425)	(141,312)
Increase in liabilities incurred by agency relationships	(34,672)	(171,172)
Acquisition of treasury stocks		(1,227,876)
Sale of treasury stocks		826
Stock options exercised	3,239	(35)
Increase in stock issuance cost		(212)
	<u>(6,028,558)</u>	<u>462,433</u>
Net cash (used in) provided by financing activities		
Decrease in cash due to change in scope of affiliates	(6,107)	(85,284)
	<u>(361,696)</u>	<u>583,517</u>
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, beginning of the year (Note 34)	3,790,765	3,207,248

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Cash and cash equivalents, end of the year (Note 34)	<u>(Won) 3,429,069</u>	<u>(Won) 3,790,765</u>
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The accompanying notes are an integral part of these consolidated financial statements

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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

1. The Consolidated Company

The accompanying consolidated financial statements have been prepared in accordance with financial accounting standards financial standards for consolidation of the Republic of Korea. The accompanying consolidated financial statements include the banking and trust accounts, subject to guaranteed fixed rates of return or principal repayment, of Kookmin Bank and its consolidated subsidiaries. General information on Kookmin Bank and its controlled subsidiaries is described below.

The Bank

Kookmin 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 Act concerning the Structural Improvement of the Financial Industry, the Bank purchased certain assets, including the loans classified as normal or precautionary, and assumed most of the liabilities of Daedong Bank as of June 29, 1998. The Bank completed the legal consolidation with H&CB as of October 31, 2001 (Note 32) and Kookmin Credit Card as of 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 on November 9, 2001. As of December 31, 2004, the Bank has 336,379,116 (amounting to (Won)1,681,896) shares issued. Also, as of December 31, 2004, 47,503,730 shares of the Bank are listed on the New York Stock Exchange as American Depositary Shares (ADS) (Note 17).

The Bank is engaged in the banking and trust business according to the provisions of the General Banking Act and the Trust Business Act and operates through 1,124 domestic branches and offices (excluding automated teller machines of 204) and three overseas branches (excluding 2 local overseas branches and 1 overseas agency) as of December 31, 2004.

Trust Accounts of the Bank

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According to the accounting and reporting guidelines by the banking regulatory authorities, the accompanying consolidated financial statements include trusts subject to guaranteed fixed rates of return or principal repayment. Total assets of consolidated and non-consolidated trusts of the Consolidated Company as of December 31, 2004 and 2003 are as follows:

(in millions of Won)

	<u>2004</u>	<u>2003</u>
Consolidated trusts	(Won) 3,315,294	(Won) 3,405,217
Non-consolidated trusts	16,850,751	28,932,110
	<u>(Won) 20,166,045</u>	<u>(Won) 32,337,327</u>

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003****Subsidiaries either consolidated or accounted for under the equity method**

The subsidiaries of the Bank, either consolidated or accounted for under the equity method as of December 31, 2004 and 2003 are as follows:

Companies	Balance Sheet Date	2004		2003	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Consolidated subsidiaries					
KB Data Systems Co., Ltd. ¹	December 31	799,800	99.98	799,800	99.98
KB Futures Co., Ltd. ²	March 31	3,999,200	99.98	3,999,200	99.98
KB Investment Co., Ltd. ³	December 31	8,941,587	99.89	8,941,587	99.89
KB Asset Management Co., Ltd. ⁴	March 31	6,134,040	80.00	6,134,040	80.00
KB Real Estate Trust Co., Ltd.	December 31	15,999,930	99.99	15,999,930	99.99
KB Credit Information Co., Ltd.	December 31	1,249,040	99.73	867,716	69.28
KB Life Insurance Co., Ltd.	March 31	6,000,000	100.00		
Kookmin Bank HK Ltd. ⁵	December 31	2,000,000	100.00	2,000,000	100.00
Kookmin Bank Int l. Ltd. (London)	December 31	20,000,000	100.00	20,000,000	100.00
Pacific IT Investment Partnership	December 31		60.00		60.00
NPC 02-4 Kookmin Venture Fund	December 31		50.00		50.00
Equity method investees					
ING Life Co., Ltd.	March 31	1,400,000	20.00	1,400,000	20.00
KLB Securities Co., Ltd.	December 31	4,854,713	36.41	4,854,713	36.41
Jeio Co., Ltd. ⁶	December 31	88,572	21.14	88,572	21.14
Joeeun Industrial Co., Ltd.	December 31	1,999,910	99.99	1,999,910	99.99
KB Luxemburg S.A.	December 31			70,000	100.00
Kookmin Finance Asia Ltd. (HK)	December 31	2,000,000	100.00	2,000,000	100.00
Kookmin Singapore Ltd.	December 31	30,000,000	100.00	30,000,000	100.00
Sorak Financial Holdings	December 31	1,422,216	25.00	1,274,638	25.00
KIKO No.3 Venture Investment Partnership	June 30		80.38		80.38
Kookmin China Fund No.1 ⁷	December 31		50.00		50.00
KTTC Kookmin Venture Fund No.1 ⁷	December 31		20.00		20.00
Kookmin Investment Partnership No. 13 ⁷	April 30				33.33
Kookmin Investment Partnership No. 15 ⁷	June 30		34.00		34.00
Kookmin Investment Partnership No. 16 ⁷	July 31		20.00		20.00
KB 03-1 Venture Investment Fund ⁷	December 31		16.67		16.67
KIKO No.2 Venture Investment Partnership	June 30		68.89		68.89
KB 03-1 Corporate Restructuring Fund ⁷	December 31		29.00		29.00
Korea Asset Investment Co., Ltd.	December 31			6,000,000	26.67

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- 1 Kookmin Data Systems Co., Ltd. was renamed KB Data Systems Co., Ltd. as of April 30, 2004.
- 2 Kookmin Futures Co., Ltd was renamed KB Futures Co., Ltd. as of April 30, 2004.
- 3 Kookmin Investment Co., Ltd. was renamed KB Investment Co., Ltd. as of April 30, 2004.
- 4 Kookmin Investment Trust Mgt. Co., Ltd. was renamed KB Asset Management Co., Ltd. as of April 29, 2004.
- 5 Kookmin Finance HK Ltd. was renamed Kookmin Bank HK Ltd. as of January 1, 2004.
- 6 Jeio Co., Ltd. was invested by KB Investment Co., Ltd., a subsidiary of the Bank.
- 7 These investment funds were invested by KB Investment Co., Ltd., a subsidiary of the Bank

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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

Scope of Consolidation

On April 29, 2004, as a means to venture into the insurance business for diversification of revenues, the Bank invested (Won)30,246 million (including acquisition costs) to acquire a 100% ownership of KB Life Insurance Co., Ltd. Therefore, KB Life Insurance Co., Ltd. was included in the scope of consolidation.

On September 30, 2003, the Bank merged with Kookmin Credit Card Co., Ltd, a subsidiary of the Bank of which the Bank formerly owned 74.27% in accordance with the resolution of Board of Directors on May 30, 2003. Thus, Kookmin Credit Card Co., Ltd was excluded from the scope of consolidation.

As of December 31, 2004, KLB Securities Co., Ltd. , KIKO No.2 Venture Investment Partnership, KIKO No.3 Venture Investment Partnership, Kookmin Finance Asia Ltd. (HK) and Kookmin Singapore Ltd. and Joeeun Industrial Co., Ltd. are in the process of liquidation and were included in the scope of equity method investees.

Pacific IT Investment Partnership and NPC02-4 Kookmin Venture Fund, which were equity method investees in the prior year, were included in the scope of consolidation.

KIKO No.2 Venture Investment Partnership and KB03-1 Corporate Restructuring Fund, which were classified as available for sales securities in the prior year, were included in the scope of equity method investees.

As of February 18, 2004, KB Luxemburg S.A resolved to liquidate and completed liquidation process on November 30, 2004. Accordingly, it was no longer included in the scope of equity method investees.

As of November 18, 2004, KB 13 Investment Fund completed liquidation process and accordingly, it was no longer included in the scope of equity method investees.

Investments in Korea Asset Investment Co., Ltd. were fully sold on June 4, 2004. Accordingly it was no longer included in the scope of equity method investees.

Operations of the subsidiaries either consolidated or accounted for under the equity method

Consolidated Subsidiaries:

(in millions)

	Location	Outstanding	Capital	Major Business
KB Data Systems Co., Ltd.	Korea	KRW	8,000	Software services for the Bank and other companies
KB Futures Co., Ltd.	Korea		20,000	Dealing and brokerage services for futures transactions
KB Investment Co., Ltd.	Korea		44,759	Investing and financing small and medium-sized enterprises
KB Asset Management Co., Ltd.	Korea		38,338	Providing security investment trust services and investment consulting services
KB Real Estate Trust Co., Ltd.	Korea		80,000	Development, management and brokerage services with regard to real estate and trust
KB Credit Information Co., Ltd.	Korea		6,262	Delinquent loan collecting service and credit checking services
KB Life Insurance Co., Ltd.	Korea		30,000	Insurance service
Kookmin Bank HK Ltd.	Hong Kong	USD	20 million	Commercial banking business and foreign exchange operation
Kookmin Bank Int l. Ltd. (London)	U.K.	GBP	20 million	Commercial banking business and foreign exchange operation
Pacific IT Investment Partnership	Korea		14,000	Investing and financing small and medium-sized enterprises
NPC 02-4 Kookmin Venture Fund	Korea		30,000	Investing and financing small and medium-sized enterprises

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003****Equity Method Investees:***(in millions)*

	<u>Location</u>	<u>Outstanding</u>	<u>Capital</u>	<u>Major Business</u>
ING Life Co., Ltd.	Korea	KRW	70,000	Insurance
KLB Securities Co., Ltd.	Korea		66,675	Securities related business
Jeio Co., Ltd	Korea		2,095	Inspecting materials, manufacturing measuring instruments
Joeun Industrial Co., Ltd.	Korea		10,000	House construction, rent and management service with regard to real estate
Kookmin Finance Asia Ltd. (HK)	Hong Kong	USD	20 million	Commercial banking business and foreign exchange operation
Kookmin Singapore Ltd.	Singapore	SGD	30 million	Commercial banking business and foreign exchange operation
Sorak Financial Holdings	Singapore	SGD	6 million	Investment
KIKO No.3 Venture Investment Partnership	Korea	KRW		Investment in venture capital
Kookmin China Fund No.1	Korea		6,000	Investment in venture capital
KTTC Kookmin Venture Fund No.1	Korea		10,000	Investment in venture capital
Kookmin Investment Partnership No. 15	Korea		5,000	Investment in venture capital
Kookmin Investment Partnership No. 16	Korea		2,000	Investment in venture capital
KB 03-1 Venture Investment Fund	Korea		7,500	Investment in venture capital
KIKO No.2 Venture Investment	Korea		450	Investment in venture capital
KB03-1 Corporate Restructuring Fund	Korea		20,000	Investment in venture capital

Significant Financial Data

A summary of significant financial data of the Bank and its subsidiaries, included in the accompanying consolidated financial statements is as follows:

(in millions of Won)

	<u>Total Assets</u>	<u>Shareholders Equity</u>	<u>Operating Revenue</u>	<u>Net Income (Loss)</u>
Bank accounts	(Won) 179,727,184	(Won) 9,104,641	(Won) 20,879,860	(Won) 555,250
Trust accounts	3,315,294	53,349	266,488	
KB Data Systems Co., Ltd.	22,258	15,832	40,672	1,584
KB Futures Co., Ltd.	38,446	26,015	7,282	889
KB Investment Co., Ltd.	87,308	78,785	5,167	1,709
KB Asset Management Co., Ltd.	65,823	59,111	29,348	10,761
KB Real Estate Trust Co., Ltd.	201,267	58,117	52,033	(40,058)
KB Credit Information Co., Ltd.	28,589	21,067	39,364	2,405

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KB Life Insurance Co., Ltd.	157,701	24,389	61,510	(6,392)
Kookmin Bank Hong Kong Ltd.	292,122	65,028	16,770	8,235
KB Int l. Ltd. (London)	341,033	55,795	13,895	2,012
Pacific IT Investment Partnership	5,620	5,620	41	(1,613)
NPC 02-4 Kookmin Venture Fund	30,799	30,536	477	536
Elimination and equity pick-up	(1,538,160)	(410,985)	(219,673)	15,414
	<u>(Won) 182,775,284</u>	<u>(Won) 9,187,300</u>	<u>(Won) 21,193,234</u>	<u>(Won) 550,732</u>

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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Bank in the preparation of its consolidated financial statements are summarized below.

Basis of Financial Statement Presentation

The Bank maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. 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 accompanying financial statements have been condensed, restructured and translated into English from the Korean language consolidated financial statements. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, or cash flows, is not presented in the accompanying consolidated financial statements.

Application of the Statements of Korean Financial Accounting Standards

The Bank has adopted Statements of Korean Financial Accounting Standards (SKFAS) No. 1~13 (excluding SKFAS No.11) in the preparation of its financial statements. Except for SKFAS No. 10, 12 and 13 which have been effective as of January 1, 2004, the same accounting policies are applied for the financial statements as of and for the year ended December 31, 2004 and as of and for the year ended December 31, 2003.

Accounting Policies of Consolidated Entities

The relevant laws and regulations applied to the consolidated entities are as follows:

Relevant Laws and Regulations

The Bank and Trust Accounts	Accounting Standards of the Banking Industry, General Banking Act, and Trust Business Act
KB Futures Co., Ltd.	Supervisory Guidelines on Futures Trading
KB Investment Co., Ltd.	Act on support for foundation of small and medium-sized companies, and Loan Specialization Financial Business Act

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KB Asset Management Co., Ltd.	Securities Investment Trust Business Act, and Accounting Standards for Securities Investment Trust Business
KB Real Estate Trust Co., Ltd.	Trust Business Act
KB Credit Information Co., Ltd.	Act on the use and protection of credit information
KB Life Insurance Co., Ltd.	Accounting Standards of the Insurance Business, General Insurance Business Act,

Principles of Consolidation

The Consolidated Company eliminates the investment account of the controlling company and corresponding capital accounts of subsidiaries collectively. The Consolidated Company records the differences between the initial investment accounts and proportionate ownership of the fair value of the subsidiary's asset and liabilities as goodwill or negative goodwill, when the Consolidated Company has control over the subsidiary. In case that the Bank purchase additional shares after it obtained control over the subsidiary, the difference between the additional shares purchased and corresponding shareholder's equity is accounted as capital surplus. In case that the acquisition date of the subsidiaries differ from the fiscal year-end of subsidiaries, the acquisition date is regarded to be the nearest closing date.

All inter-company transactions and account balances between the consolidated entities are eliminated in consolidation. Unrealized gains and losses resulting from the sale from the Controlling Company to the subsidiaries are fully eliminated and charged to the equity of the Controlling Company while unrealized gains and losses resulting from the sale from the subsidiaries to the Controlling Company or from subsidiaries to subsidiaries are fully eliminated and charged to the equity of the Controlling Company and minority interest proportionately.

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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

When net losses attributable to minority interests exceed the minority interest in the equity of the subsidiary, the excess is charged to the equity of the Controlling Company. When the subsidiaries report income, the minority interest portion of such income is allocated to the equity of the Controlling Company until the minority interest's share of net losses previously charged to the Controlling Company has been fully recovered.

If the fiscal year-end of subsidiaries is different from that of the Bank, the financial statements of such subsidiaries are prepared as of December 31 and for the year then ended for consolidation purposes.

Recognition of Interest Income

The Consolidated Company recognizes interest income on due from banks, loans and debt securities on an accrual basis. However, interest income on delinquent and dishonored due from banks, loans and debt securities, other than those collateralized with security deposits or guaranteed by financial institutions, is recognized on a cash basis. As of December 31, 2004, the Consolidated Company has non-accrual loans and securities of (Won)8,137,825 million and (Won)532,904 million, respectively, with related foregone interest of (Won)489,698 million and (Won)82,594 million, respectively. However, foregone interest related to securities of trust accounts was not included.

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 Consolidated Company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Investments neither classified as trading securities nor held-to-maturity securities are classified as available-for-sale securities.

Securities are recognized initially at their fair value plus transaction costs that are directly attributable to the acquisition. Trading and available-for-sale securities are carried at fair value while held-to-maturity debt securities are carried at amortized cost.

Trading and available-for-sale debt securities are carried at fair value using the average of quoted prices provided by bond pricing service institutions while marketable equity securities are carried at market prices and beneficiary certificates are carried at quoted prices provided by the beneficiary certificate dealers. However, non-marketable equity securities are carried at fair value only if the fair value is reasonably measurable. Otherwise, they are carried at cost.

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Unrealized gains or losses on trading securities are charged to current operations and those resulting from available-for-sale securities are recorded as capital adjustments and are realized when the related securities are disposed of. In case of available-for-sale securities, interest income reflecting premiums and discounts amortization should be included in current operations. Therefore interest income are recognized from premiums and discounts amortization using effective interest method over the maturity period and then the difference between the fair value and acquisition cost are charged to stockholder's equity. Impairment losses are recognized in the current operations when there is evidence of impairment and recoverable amounts of available-for-sale securities or held-to-maturity securities are less than either the acquisition cost of equity securities or the amortized cost of debt securities.

The assets of the wholly owned beneficiary certificates are classified based on the Consolidated Company's intention on the balance sheet. The fund assets of these wholly owned beneficiary certificates are comprised of deposits, call loans and securities, and the fund income is comprised of interest income, realized gains and losses, and valuation gains and losses. The Consolidated Company recorded all gains and losses from these wholly owned beneficiary certificates as income from beneficiary certificates.

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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

Investments in Associates

Investments in associates, over which the Consolidated Company exercises significant control or influence, are accounted for using the equity method. Under the equity method, the Consolidated Company records changes in its proportionate ownership of the associate in the current operations either as capital adjustments, adjustments to retained earnings or charges to net income(loss), depending on the nature of the underlying change in the book value of the investment in associate.

The Consolidated Company discontinues the equity method of accounting for investments in associates when the Consolidated Company's share of accumulated losses of the associates 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 Consolidated Company's initial proportionate ownership of the fair value of the net asset of the associate are amortized or accreted using an appropriate method and the resulting amortization is charged to current operations.

Gains and losses recorded by the Consolidated Company 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 Consolidated Company's percentage of ownership.

Deferred Loan Origination Fees and Costs

The Consolidated Company defers loan origination fees associated with originating loans and loan origination costs that have future economic benefits. Loan balances are reported net of these loan origination fees and costs. The deferred loan origination fees and costs are amortized using the effective interest method with the amortization recognized as adjustments to other interest income.

Allowances for Loan Losses

The Bank provides allowance for loan losses based on the minimum reserve level provided by Financial Supervisory Service Guidelines if the amounts are larger than allowances for loan losses based on historical loss rate of the Bank's lending portfolios.

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As of December 31, 2004, the Bank provided allowance for loan losses based on the minimum reserve level provided by Financial Supervisory Service Guidelines.

- Allowance for loan losses based on the minimum reserve level provided by Financial Supervisory Service Guidelines

The Bank determines the credit risk classification of corporate loans using a certain scale based on the Banks internal credit rating system, the Forward Looking Criteria (FLC), and other factors such as days in arrears, insolvency and result of financial transactions. Allowances are determined by applying the rates of each credit risk classification . The FLC credit rating criteria are divided into 12 categories (AAA, AA, A, BBB, BB, BB-, B, B-, CCC, CC, C, D) and credit risk classification are as follows:

<u>Credit Risk Classification</u>	<u>Credit Ratings</u>
Normal	AAA ~ B
Precautionary	B- ~ CCC
Sub-standard	CC
Doubtful	C
Estimated loss	D

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003**

However, the Bank classifies corporate loans, consumer loans, and credit card loans by considering the recoverable amounts of loans including delinquencies, bankruptcies. The rates used for determining the allowances for losses from corporate loans, consumer loans and credit card loans are as follows:

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

Also, the Bank provides additional allowance for relatively high-risk borrowers and their assets based on estimated recovery amount, liquidation amount, within the maximum allowance rate for each classification.

-Allowance for loan losses based historical loss rate

The rates used for determining the allowances for losses based on historical loss rate by Bank's lending portfolios is determined as follows:

Lending Portfolios	Methodology	Period of Historical	Period of Recovery
		Loss Rate	Ratio
Impaired corporate loans	Discounted Cash Flows	N/A	N/A
Non-impaired Corporate loans	Migration Analysis	1-year	5-year
Consumer loans	Migration Analysis	2-year	5-year
Credit card loans	Roll-rate Analysis	1-year	5-year

The Bank determined the appropriate data period to be used in assessing its historical loss rate and recovery ratio based on Bank's lending portfolios' nature, loan period, collection period, collection ratio, past trends and future market conditions, etc.

The subsidiaries determines allowances in conformity with generally accepted accounting principles in related industry and the relevant laws and regulations of the Republic of Korea. Additional allowances is provided if total allowances of subsidiaries is less than allowance determined by methodology of the Bank.

Guarantees and Acceptances

The Consolidated Company 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.

Troubled Debt Restructuring

The equity interest in the debtors, net of real estates and/or other assets received as full or partial satisfaction of the Consolidated Company's loans, collected through reorganization proceedings, court mediation, or debt restructuring agreements of parties concerned, are recorded at their fair value at the time of the restructuring. In cases where the fair value of the assets received are less than the book value of the loan (book value before allowances), the Consolidated Company offsets the book value against allowances for loans first and then recognizes provisions for loans. Impairment losses for loans, that were restructured in a troubled debt restructuring involving a modification of terms, are computed by getting the difference between the present value of future cash flows under debt restructuring agreements discounted at effective interest rates at the time when loans are originated, and the book value before allowances for loans. If the amount of allowances already established is less than the impairment losses under the workout plans, the Consolidated Company establishes additional allowances for the difference. Otherwise, the Consolidated Company reverses the allowances for loan losses.

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003**

After the above adjustments to loans from troubled debt restructuring, the Consolidated Company separately establishes additional allowances for its loans on related present value, based on the credit status of the borrower.

Before the adoption of SKFAS No. 13, *Troubled Debt Structuring*, the difference between the nominal value and the present value of loan under troubled debt structuring agreements was recorded as present value discounts and was presented separately as a deduction from the loan nominal value. However, in accordance with the Consolidated Company's adoption of SKFAS No. 13, unamortized present value discounts as of the beginning of the current period are classified as allowances for loan losses.

Fixed Assets and Related Depreciation

Cost of tangible assets are determined by cash, cash equivalents or fair value (or the revaluation amount of certain assets in accordance with the Korean Asset Revaluation Law) of other asset given in exchange. 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:

Tangible assets	Depreciation Method	Estimated Useful Life
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 capacity or increase the future economic benefit of the assets involved are capitalized as additions to tangible assets. However, routine maintenance or repairs are expensed 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 when 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.

Cost of intangible assets are determined by cash, cash equivalents or fair value of other asset given in exchange. 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 assets</u>	<u>Amortization Method</u>	<u>Estimated Useful Life</u>
Goodwill	Straight-line method	9 years
Negative goodwill	Straight-line method	5 years
Development costs	Straight-line method	5 years
Trademarks	Straight-line method	1-10 years
Others	Straight-line method	5-30 years

The Consolidated Company estimated the useful life of endowment assets that are beneficial upon usage, classified under other intangible assets, to be 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.

The Consolidated Company recorded negative goodwill as a result of the merger of KB Credit Information Co., Ltd. and KM Credit Information Co., Ltd for the fair value of net assets and liabilities exceeding the cost of merger equal to the purchase price. Negative goodwill is amortized for 5 years which is the average useful life of amortizable non-monetary assets.

Development costs directly related to a 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.

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December 31, 2004 and 2003

The Consolidated Company adjusts the book value of a fixed asset to its recoverable amount (expected sale price or appraisal value) 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 impaired book value is recognized, to the extent of the book value (after accumulated depreciation) before impairment, as a reversal of fixed asset impairment losses.

Stock Issuance Costs and Debenture Issuance Costs

Stock issuance costs are deducted from additional paid-in capital. Debenture issuance costs are recorded as discounts on debentures and amortized over the life of the debentures using the effective interest method.

Accrued Retirement Benefits

Employees and directors with at least one year of service and temporary employees with at least a one-year contract are entitled to receive a lump-sum payment upon termination of their employment with the Consolidated Company, based on their length of service and rate of pay at the time of termination.

Additionally, the Consolidated Company records the contributions to pension funds, which grant the payment rights to its employees, as contra accounts of accrued retirement benefits.

Insurance Reserve

The Company provides various Insurance reserves for payments, refunds, participating policyholders' dividends and related cost in the future as follows.

- Premium reserve is a net level premium reserve using interest and mortality assumptions used in computing cash surrender values.
- Reserve for outstanding claims represents refunds, dividends and claims reported and unpaid as of the balance sheet date.

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- Unearned premium reserve represents the unearned portion of quarterly, semi-annual and annual premiums as of the balance sheet date.
- Dividends held on deposit for policyholders represent amounts payable to policyholders due to interest rate difference guarantee, mortality gains, excess interest, expense gains and long-term contracts in accordance with the regulations or agreements.

Deferred Income Taxes

The Consolidated Company records the future tax effects of temporary differences between the financial and tax bases of assets and liabilities as deferred tax income assets or liabilities. The tax effects of temporary differences arising from the cumulative effects of accounting changes and prior period adjustments are adjusted in retained earnings. However, deferred tax income assets are recognized only when the possibility of income tax effect is high.

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.

Derivative Instruments

Derivative financial instruments for trading or hedging purposes are valued at estimated market price and resulting unrealized gains or 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.

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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

Fair value hedge accounting is applied to a hedging transaction relationship entered into for hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) 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, are recognized in the same period.

The effective portion of the gain or loss for 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 is recorded as a capital adjustment and the ineffective portion as income or loss in current operations. The effective portion of the gain or loss recorded as a capital adjustment is reclassified into 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 recorded in capital adjustment is added to or deducted from the asset or the liability.

Stock Options

Compensation costs for stock options granted to employees and executives are recognized using the fair value method. Under the fair value method, compensation costs for stock option plans are determined using an option-pricing model and are recognized over the vesting period.

National Housing Fund

The Consolidated Company, as designated by the Korean Government under the Housing Law (former 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 Consolidated Company pays NHF the interest, which is computed by multiplying the average balance of the NHF account by the passbook deposit interest rate.

Transactions with the Trust Accounts

The Bank's banking accounts receive trust fees from the trust accounts for its management of trust assets and operations. Under the Trust Business Act, the Bank recognizes trust accounts separately from its won accounts. The borrowings from trust accounts represent transfer of funds in trust accounts into banking accounts. Such borrowings from trust accounts are recorded as receivables from the banking accounts in the trust accounts and as borrowings from trust accounts in the banking accounts.

The 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 in accordance with the relevant laws and regulations applicable to trust operations. The reserves are used to provide for

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the losses on such trust funds and, if the losses incurred are 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. No compensation was recorded for the years ended December 31, 2004 and 2003.

Foreign Currency Translation

All assets and liabilities denominated in foreign currencies are translated into Korean Won at the rates in effect at the balance sheet date (2004: (Won)1,043.8:US\$1, 2003: (Won)1,197.8:US\$1), and resulting translation gains and losses are recognized in the current period.

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 the balance sheet dates.

Statement of Cash Flows

In the preparation of the statement of cash flows, the Consolidated Company has presented the net amounts of cash inflows and cash outflows for loans and deposits.

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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

Restatement of Prior Period Financial Statements

(1) Change of accounting policy on sale of loans

During the year ended December 31, 2004, the Consolidated Company changed its accounting on its sale of loans. Previously, the sale proceed of written-off loans was recorded as an adjustment to related allowances and the gain or loss on sale of loans was recognized for non written-off loans for the difference of the book value at the date of sale and the proceeds of the sale. Currently, the sale proceed of written-off loans is not recorded as an adjustment to related allowances but is recorded as the gain or loss on sale of loans and the all gain or loss on sale of loans is calculated by comparing the sale proceeds against its book value on the year end immediately preceding the date of sale. Due to this change, loss on sale of loans increased by (Won)1,183,119 million and gain on sale of loans and allowance for loan losses decreased by (Won)142,531 million and (Won)1,325,650 million, respectively, for the year ended December 31, 2004. The financial statements as of and for the year ended December 31, 2003, presented herein for comparative purposes, were restated to reflect the above changes resulting in an increase in loss on sale of loans by (Won)2,586,725 million, a decrease in gain on sale of loans by (Won)55,216 million and a decrease in allowance for loans losses by (Won)2,641,941 million. Such restatement has no effect on the net assets and the net loss as of and for the year ended December 31, 2003.

(2) Change of accounting policy on subordinated retained interests received from securitization transactions

The Consolidated Company reclassified the subordinated retained interests received from securitization transactions from available-for-sale securities to loans. Such reclassification has no effect on prior year's net loss and net assets. The prior year financial statements presented herein for comparative purposes were also reclassified to conform to the current year financial statement presentation.

(3) Results of Securities and Futures Commission (SFC)'s investigation and Restatement of prior periods' financial statements

As explained in Note 37, the Consolidated Company restated its financial statements as of and for the year ended December 31, 2003 to comply with Securities and Futures Commission's instructions.

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003****3. Cash and Due from Banks**

Cash and due from banks as of December 31, 2004 and 2003 consist of:

(in millions of Korean won)

	<u>2004</u>	<u>2003</u>
Cash on hand		
Cash in won	(Won) 2,380,580	(Won) 2,945,921
Cash in foreign currencies	124,736	228,153
	<u>2,505,316</u>	<u>3,174,074</u>
Due from banks in Won		
Bank of Korea		
Reserve deposits in the Bank of Korea	1,685,105	2,612,248
Other banks		
Time deposits		14,901
Passbook deposits	13,603	8,176
Certificate of deposit	262,905	94
	<u>276,508</u>	<u>23,171</u>
Other financial institutions		
Deposits at Mutual Savings & Finance Co., Ltd	90,005	140,094
Time deposits at Ministry of Information and Communication	14,700	
	<u>104,705</u>	<u>140,094</u>
Others		
Futures margin accounts	5,890	6,602
Market participation margin	463	454
Due from Banking accounts	1,806	
KOSPI futures margin accounts	27,648	10,513
	<u>35,807</u>	<u>17,569</u>
	<u>2,102,125</u>	<u>2,793,082</u>
Present value discounts ¹	(3,751)	(12,810)
	<u>(Won) 2,098,374</u>	<u>(Won) 2,780,272</u>

Due from banks in foreign currencies		
Bank of Korea		
Demand deposits	(Won) 43,631	(Won) 12,415
Other banks		
Demand deposits	38,910	76,142
Time deposits	70,399	32,278
	109,309	108,420
Others		
Other deposits	5,045	3,355
Off-shore		
Demand deposits	489,542	482,115
	(Won) 647,527	(Won) 606,305
	(Won) 5,251,217	(Won) 6,560,651

- 1 Present value discounts are related to the (Won)90,000 million of time deposits (1% interest, scheduled in installments by the end of 2005) placed with Hansol Mutual Savings & Finance Co., Ltd. (formerly, Bukook Mutual Savings & Finance Co., Ltd.) during 1999.

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003**

The maturities of the due from banks as of December 31, 2004 are as follows:

<i>(in millions of Korean won)</i>	Due from Banks	Due from Banks in	Total
	in Won	Foreign Currencies	
Due in 3 months or less	(Won) 1,765,735	(Won) 514,418	(Won) 2,280,153
Due after 3 months through 6 months	280,261	133,109	413,370
Due after 6 months through 1 year	52,100		52,100
Due after 1 year through 2 years			
Due after 2 years through 3 years	4,029		4,029
	<u>(Won) 2,102,125</u>	<u>(Won) 647,527</u>	<u>(Won) 2,749,652</u>

Included in cash and due from banks as of December 31, 2004 and 2003 are the following restricted deposits:

<i>(in millions of Korean won)</i>	Place of Deposit	2004	2003	Restrictions
Reserve deposits	Bank of Korea	(Won) 1,685,105	(Won) 2,612,248	General Banking Act
Time deposits	Hansol Mutual Savings & Finance Co., Ltd.	90,000	140,000	Withdrawal at maturity
Due from banks in foreign currency	Bank of Korea	43,631	12,415	General Banking Act
Other deposits	JP Morgan, etc.	7,163	18,033	Futures guarantee deposits
		<u>(Won) 1,825,899</u>	<u>(Won) 2,782,696</u>	

4. Securities

Securities as of December 31, 2004 and 2003 are as follows:

<i>(in millions of Korean won)</i>	2004	2003
	<u></u>	<u></u>

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Trading	(Won) 6,523,329	(Won) 7,178,248
Available-for-sale	17,373,376	15,996,456
Held-to-maturity	6,239,716	5,991,930
Investment in associates	166,794	171,050
	<u>(Won) 30,303,215</u>	<u>(Won) 29,337,684</u>

Trading, available-for-sale, and held-to-maturity securities as of December 31, 2004 and 2003 are as follows:

(in millions of Korean won)

Trading	Unrealized		Book Value	
	Gain	Loss	2004	2003
Equity securities	(Won) 9,446	(Won) 16,503	(Won) 206,432	(Won) 139,285
Beneficiary certificates	106	1	53,443	1,689,388
Government and municipal bonds	6,129	30	1,127,307	1,610,359
Corporate bonds	23,506	1,400	4,803,068	3,354,929
Asset-backed securities	2,277		233,921	384,287
Other debt securities	13		99,158	
	<u>(Won) 41,477</u>	<u>(Won) 17,934</u>	<u>(Won) 6,523,329</u>	<u>(Won) 7,178,248</u>

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003***(in millions of Korean won)*

Available-for-Sale	Impairment		Capital Adjustments		Book Value	
	Reversal of	Loss	Gain	Loss	2004	2003 ¹
Equity securities	(Won)	(Won) 23,952	(Won) 282,587	(Won) 3,088	(Won) 864,905	(Won) 491,313
Investment in funds		3	3,203		7,773	41,723
Beneficiary certificates			160	14	157,277	4,375,817
Government and municipal bonds			19,372		2,242,856	2,323,106
Foreign government bonds			1,318	104	32,638	28,153
Corporate bonds		2,317	70,480	4,099	13,013,929	8,267,532
Asset-backed securities		65,040	72,116		857,770	468,669
Other debt securities			33		196,228	143
	(Won)	(Won) 91,312	(Won) 449,269	(Won) 7,305	(Won) 17,373,376	(Won) 15,996,456

(in millions of Korean Won)

Held-to-Maturity	Impairment		Unrealized		Book Value	
	Reversal of	Loss	Gain	Loss	2004	2003
Government and municipal bonds	(Won)	(Won)	(Won) 133,514	(Won) 18	(Won) 3,080,601	(Won) 2,490,063
Corporate bonds			78,719	39	2,959,959	3,175,544
Asset-backed securities			9,935		180,000	326,323
Other debt securities					19,156	
	(Won)	(Won)	(Won) 222,168	(Won) 57	(Won) 6,239,716	(Won) 5,991,930

1 Subordinated retained interest received from securitization transaction amounting to (Won)1,193,383 million as of December 31, 2003 has been reclassified from beneficiary certificates in securities to credit card receivables in loans (Note 2).

Available-for-sale securities include structured securities related to stocks, such as convertible bonds, exchangeable bonds, bonds with stock warrants, and equity-indexed bonds amounting to (Won)17,858 million, (Won)153,525 million, (Won)762 million, and (Won)49,721 million, respectively. In addition, available-for-sale securities include structured securities related to interest rates such as dual indexed bonds, and inverse floater bonds amounting to (Won)50,140 million, and (Won)73,727 million, respectively. Moreover, available-for-sale securities include credit risk related securities, such as credit linked bonds amounting to (Won)41,544 million.

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003**

As of December 31, 2004 and 2003, investments in associates are as follows:

<i>(in millions of Korean Won)</i>	Owner-ship (%)	Acquisition Cost	Beginning Balance ¹	Equity Method			Book Value	
				N/I	R/E	C/A	2004	2003
Domestic Associates								
ING Life Co., Ltd.	20.00	(Won) 21,769	(Won) 41,845	(Won) 23,576	(Won)	(Won) 3,724	(Won) 69,145	(Won) 43,845
KLB Securities Co., Ltd.	36.41	10,316						
Jeio Co., Ltd.	21.14	750	544	92			636	544
Jooeun Industrial Co., Ltd.	99.99	23,994						
KB Luxemburg S.A. ²		24,679	5,257	(1,206)				5,950
Kookmin Finance Asia Ltd. (HK)	100.00	7,307	249	5			254	286
Kookmin Singapore Ltd.	100.00	20,926	1,813				1,813	2,080
Sorak Financial Holdings	25.00	76,928	76,928	9,818		(4,593)	82,153	71,295
KIKO No.3 Venture Investment Partnership	80.38			149			149	341
Kookmin China Fund No.1	50.00	3,000	2,534	(178)			2,356	2,535
KTTC Kookmin Venture Fund No.1	20.00	2,000	1,330	95			1,425	1,329
Kookmin Investment Partnership No. 15	34.00	1,700	347	16			363	347
Kookmin Investment Partnership No. 16	20.00	214						
KB 03-1 Venture Investment Fund	16.67	2,500	2,500	(91)			2,409	1,250
KIKO No.2 Venture Investment Partnership ³	68.89	60	60	213			273	
Pacific IT Investment Partnership ⁴	60.00	8,400						
NPC 02-4 Kookmin Venture Fund ⁴	50.00	15,000						5,090
KB 03-1 Corporate Restructuring Fund ³	29.00	5,800	5,800	18			5,818	
Korea Asset Management Co. Ltd. ⁵		30,629						35,788
Kookmin Investment Partnership No. 13 ⁶		1,000						370

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(Won) 256,972 (Won) 139,207 (Won) 32,507 (Won) (Won) (869) (Won) 166,794 (Won) 171,050

- 1 The beginning balance is the prior year's book value adjusted by dividends, changes in foreign exchange rates, and all the transactions during current year.
- 2 The Bank collected capitals from Kookmin Bank Luxembourg S.A. which completed liquidation process on November 30, 2004
- 3 The investments in funds which had been classified as available-for-sale for the prior years are reclassified as investments in associates as of January 1, 2004.
- 4 The investments in funds which were accounted as investments in associates had been included in the scope of consolidation as of January 1, 2004.
- 5 All equity securities of Korea Asset Management Co., Ltd. have been sold on June 4, 2004.
- 6 Kookmin Investment Partnership No. 13 completed liquidation process on October 18, 2004.

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003**

KLB Securities Co., Ltd., Jooeun Industrial Co., Ltd., KIKO No. 2 Venture Investment Partnership, KIKO No.3 Venture Investment Partnership, Kookmin Singapore, Ltd. and Kookmin Finance Asia, Ltd. (HK) are all in the process of liquidation. In addition, accounting under the equity method is no longer applied to investments in KLB Securities Co., Ltd. and Jooeun Industrial Co., Ltd. due to accumulated deficits resulting to a decrease of the investment value below zero. Accordingly, the total accumulated estimated loss that has not been recognized by the Consolidated Company arising from the securities amounts to (Won)58,875 million.

The Consolidated Company applies the equity method accounting to subsidiaries based on unaudited financial statements as of December 31, 2004. In the case of Sorak Financial Holdings and ING Life Korea Co., Ltd., the Bank applies the equity method based on the most recent available unaudited financial statements that are adjusted for material changes in net assets for the period ended December 31, 2004.

The maturities of the available-for-sale (excluding equity securities and investment in funds) and held-to-maturity debt securities as of December 31, 2004 are summarized as follows:

(in millions of Korean Won)

Maturities	Available-for-sale		Held-to-maturity	
	Book Value	Fair Value	Book Value	Fair Value
Due in 1 year or less	(Won) 7,804,867	(Won) 7,804,867	(Won) 1,966,865	(Won) 2,001,190
Due after 1 year through 5 years	8,019,184	8,019,184	3,879,439	4,024,778
Due after 5 years through 10 years	675,422	675,422	393,412	435,859
Thereafter	1,225	1,225		
	(Won) 16,500,698	(Won) 16,500,698	(Won) 6,239,716	(Won) 6,461,827

Investment securities risk concentrations as of December 31, 2004 are as follows:

(in millions of Korean won, except ratio)

By Country

	Book Value	Ratio (%)
Korea	(Won) 30,079,563	99.26
Singapore	82,178	0.27
USA	50,514	0.17

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Philippines	25,703	0.08
Indonesia	13,516	0.05
Others	51,741	0.17
	<u>(Won) 30,303,215</u>	<u>100.00</u>

(in millions of Korean won, except ratio)

By Type

	<u>Book Value</u>	<u>Ratio (%)</u>
Fixed rate bonds	(Won) 26,154,533	86.31
Floating rate bonds	1,679,022	5.54
Subordinated bonds	981,947	3.24
Convertible bonds	30,996	0.10
Beneficiary certificates	210,721	0.70
Equity securities	1,225,338	4.04
Others	20,658	0.07
	<u>(Won) 30,303,215</u>	<u>100.00</u>

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003***(in millions of Korean won, except ratio)***By Issuer**

	<u>Book Value</u>	<u>Ratio (%)</u>
Government and government-invested		
Public companies	(Won) 9,878,441	32.60
Financial institutions	18,619,812	61.44
Manufacturing industries	557,196	1.84
Others	1,247,766	4.12
	<u>(Won) 30,303,215</u>	<u>100.00</u>

Available-for-sale equity securities of which the fair value cannot be reasonably measured as of December 31, 2004 are as follows:

(in millions of Korean won)

	<u>Book Value</u>
Arirang Restructuring Fund	(Won) 18,163
Mugunghwa Restructuring Fund	14,606
Seoul Restructuring Fund	12,540
Bad Bank Harmony	12,267
Mastercard, Inc.	7,900
Korea Asset Management Corp.	7,827
Samsung Life Insurance Co., Ltd.	7,479
Korea Highway Corp.	6,248
Continuous Linked Settlement System	6,211
Futures Market	3,000
Kyobo Investment Trust Management Co., Ltd.	2,100
Doum Co., Ltd.	1,987
Baring Communications Equity	1,957
Itswell Co., Ltd.	1,800
Innowireless Inc.	1,650
Pan Asia Paper	1,642
Korea Smart Card	1,628
BHflex Co., Ltd.	1,600
Mobilink Telecom Co., Ltd.	1,400
Korea Money Broker Corp.	1,291
Miraetelecom Co., Ltd.	1,272
Future Communications IC Inc.	1,210
Digital & Optics Co., Ltd.	1,190
IntroMobile Co., Ltd.	1,100
Mercury	1,088

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Tianjin Samsung Opto Electronics	1,020
Smart Card Laboratory Inc.	1,005
Others	58,495
	<hr/>
	(Won) 179,676
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Kookmin Bank and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

As of December 31, 2004, the following investment securities are pledged at various institutions:

(in millions of Korean won)

Restrictions		Restricted securities	
Related Transactions	Placed with	Book Value	Pledge Value
Bonds sold under REPO agreements	Customers	(Won) 3,791,977	(Won) 3,795,600
Borrowings from the Bank of Korea	Bank of Korea	1,024,167	1,015,000
Bank of Korea settlements	Bank of Korea	170,535	170,200
Derivative transactions	Samsung Futures, others	175,447	184,000
Others	Standard Chartered Bank, others	92,409	92,048
		(Won) 5,254,535	(Won) 5,256,848

Table of Contents**Kookmin Bank and Subsidiaries****Notes to Consolidated Financial Statements****December 31, 2004 and 2003****5. Loans**

Loans as of December 31, 2004 and 2003 are summarized as follows:

(in millions of Korean Won)

	<u>2004</u>	<u>2003</u>
Loans in Won		
Corporate loans		
<u>Operation loans</u>		
General operation loans	(Won) 25,445,435	(Won) 28,863,025
Notes discounted	1,197,606	1,415,445
Overdraft accounts	401,369	447,992
Trading notes	740,580	809,921
Other operation loans	3,862,853	3,793,594
	<u>31,647,843</u>	<u>35,329,977</u>
<u>Facility loans</u>		
General facility loans	5,139,091	5,413,333
Other facility loans	1,148,430	1,218,369
	<u>6,287,521</u>	<u>6,631,702</u>
	<u>37,935,364</u>	<u>41,961,679</u>
<u>Consumer loans</u>		
General consumer loans	41,959,116	41,952,638
Consumer housing loans	41,234,213	38,199,384
Remunerations on mutual installment savings	300,032	297,868
Other consumer loans	532,615	635,217
	<u>84,025,976</u>	<u>81,085,107</u>
<u>Public loans</u>		
Public operation loans	673,456	526,227
Public facility loans	40,383	42,473
	<u>713,839</u> &n	