

KOOKMIN BANK
Form 6-K
March 31, 2003
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

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

For the month of March 2003

Kookmin Bank

(Translation of registrant's name into English)

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

(Address of principal executive office)

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

Form 20-F Form 40-F

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

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

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

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

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

Yes _____ No

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Summary of Business Report

On March 31, 2003, Kookmin Bank filed a business report with the Financial Supervisory Commission of Korea pursuant to the Securities and Exchange Act of Korea (the Business Report). This is a summary of the Business Report translated into English. Non-material or previously disclosed portions were omitted or abridged.

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

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

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

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

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1. Introduction to the Bank

1.1. Business Purpose

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

The banking business as prescribed by the Bank Act; and

The other business permitted by the Bank Act or other Korea laws.

1.2. History

November 1, 2001
Incorporated and Listed on the New York Stock Exchange

November 9, 2001
Listed on the Korea Stock Exchange

September 23, 2002
Integrated two brand operations onto a single information technology platform in connection with the merger

December 4, 2002
Entered into a strategic alliance agreement with ING Bank N.V., which replaced the prior investment agreement with H&CB

1.3. Capital Structure

1.3.1. Common Shares

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

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.

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On November 25, 2002 Goldman Sachs Capital Koryo, L.P. converted all of its convertible bonds into common shares. According to this conversion, on November 30, Kookmin Bank issued 10,581,269 common shares and distributed them to Goldman Sachs Capital Koryo, L.P.

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As of December 31, 2002, 328,258,685 shares of common stock were issued and outstanding with paid-in capital of 1,641,293 million Won. All of the issued and outstanding shares are fully-paid and non-assessable, and are in registered form.

1.3.2. Convertible Bonds

In June 1999, Goldman Sachs Capital Koryo, L.P., a fund managed by The Goldman Sachs Group, Inc., acquired (through its wholly-owned subsidiaries Goldman Sachs Capital Chosun, Ltd. and Goldman Sachs Capital Shilla, Ltd.) an interest in the Former Kookmin Bank in return for an investment of US\$500 million in new common shares and convertible bonds, consisting of W360 billion of new common shares (17,768,870 common shares at W20,260 per share, as adjusted for the merger ratio of 1.688346:1) and US\$200 million principal amount of subordinated convertible bonds with a conversion price of W14,200 per common share. As a result of the merger with H&CB and other adjustment events, the conversion price was adjusted to W22,124 per share.

On November 25, 2002, Goldman Sachs Capital Koryo, L.P. converted all of its convertible bonds into common shares of 10,581,269 and beneficially owned 5.13% of our outstanding common shares as of such date following that conversion.

1.3.3. Treasury Stock

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

(Unit: in thousands of Won unless otherwise indicated)

Date	Reason	Number of shares	Cost	Average cost per one share
November 15, 2001	Acquisition of fractional shares in the course of the merger	41,548 shares	1,794,885	43,200 Won
December 24, 2001	Disposition due to exercise of stock option by a grantee	10,000 shares	432,003	48,900 Won
April 3, 2002	Acquisition of fractional shares due to stock dividend	36,089 shares	2,071,557	57,400 Won
May 14, 2002	Disposition pursuant to the Bank Act of Korea	31,548 shares	1,601,944	50,788 Won
July 30 ~ October 23, 2002 ¹	Acquisition pursuant to the Securities and Exchange Act of Korea	3,000,000 shares	147,632,489	49,210 Won
December 24, 2002	Disposition due to exercise of stock option by a grantee	10,000 shares	492,294	49,229 Won
Total		Outstanding balance: 3,026,089 shares	148,972,690	

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1. On July 26, 2002, Kookmin Bank's board of directors approved and ratified to purchase the treasury stock up to 3 million shares for the purpose of introducing one of a stock purchase program and an employee stock ownership plan in order to provide a wide range of benefit with the employees.

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

(As of December 31, 2002, Units: in Won, shares)

Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
31-Oct-98	Jungtae Kim	Chairman, President & CEO	01-Nov-01	31-Oct-04	5,000	400,000	320,000	80,000
27-Feb-99	Choulju Lee	Auditor & Executive Director	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Seungdong Kim	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,054	20,054	0
27-Feb-99	Youngjo Joo	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Seokil Cho	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,054	20,054	0
27-Feb-99	Hongshik Chung	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,000	20,000	0
27-Feb-99	Bonghwan Cho	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Sunjoo Kim	Executive Vice President	28-Feb-02	27-Feb-05	13,900	10,000	10,000	0
27-Feb-99	Jehyung Jo	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Hogi Baek	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,000	20,000	0
27-Feb-99	Bruce Willison	Non Executive Director	28-Feb-02	27-Feb-05	13,900	10,000	10,000	0
28-Feb-00	Jan Op de Beek	Director & Executive Vice President	01-Mar-03	28-Feb-06	27,600	22,490	0	22,490
28-Feb-00	Sungchul Kim	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Woojung Lee	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Kukju Kwon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Sunjin Kim	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Joon Park	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Moonsoul Chung	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Juhyun Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Heungsoon Chang	Non Executive Director	01-Mar-03	28-Feb-06	27,600	2,486	0	2,486
28-Feb-00	Injoon Kang		01-Mar-03	28-Feb-06	27,600	2,486	0	2,486

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		Non Executive Director						
28-Feb-00	Sunghye Jwa	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Seungwoo Nam	Non Executive Director	01-Mar-03	28-Feb-06	27,600	1,928	0	1,928
28-Feb-00	Woonyoul Choi	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,909	0	4,909
28-Feb-00	Kyunghee Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Sungcheon Hong	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Miro Yoon	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	3,333	0	3,333
28-Feb-00	Hakdong Shin	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Hakyeon Jeong	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	10,000	0	10,000
28-Feb-00	Jeongyeon Kim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	10,000	0	10,000
28-Feb-00	Jongwhan Byun	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	10,000	0	10,000
28-Feb-00	Samyoung Lee	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Wonki Kim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	6,821	0	6,821
28-Feb-00	Bangyeoul Kim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	3,333	0	3,333
28-Feb-00	Byungman Lim	Head of Regional Head Office	01-Mar-03	28-Feb-06	27,600	3,333	0	3,333
24-Mar-01	Youngil Kim	Executive Vice President	25-Mar-04	24-Mar-07	25,100	30,000	0	30,000
24-Mar-01	Jongin Park	Executive Vice President	25-Mar-04	24-Mar-07	25,100	30,000	0	30,000
24-Mar-01	Wonbae Yoon	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318
24-Mar-01	Jaekyu Lee	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318

* 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				
24-Mar-01	Chulsoo Ahn	Non Executive Director	25-Mar-04	24-Mar-07	25,100	1,916	0	1,916
24-Mar-01	Jaehan Kim	Head of Regional Head Office	25-Mar-04	24-Mar-07	25,100	10,000	0	10,000
24-Mar-01	Jongok Na	Head of Regional Head Office	25-Mar-04	24-Mar-07	25,100	10,000	0	10,000
24-Mar-01	Kyuhoo Lee	Head of Regional Head Office	25-Mar-04	24-Mar-07	25,100	3,275	0	3,275
18-Mar-00	Sanghoon Kim	Chairman & CEO	19-Mar-03	18-Mar-05	23,469	41,460	0	41,460
18-Mar-00	Jongmin Lee	Auditor & Executive Director	19-Mar-03	18-Mar-05	23,469	14,807	0	14,807
18-Mar-00	Sejong Oh	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Inkie Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Jihong Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Jinho Hwang	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Hyungjin Chang	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Ikrae Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Bongho Paick	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Bockwoan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845
18-Mar-00	Yoohwan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845
18-Mar-00	Dukhyun Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845
15-Mar-01	Sanghoon Kim	Chairman & CEO	16-Mar-04	15-Mar-09	28,027	29,614	0	29,614
15-Mar-01	Jongmin Lee	Auditor & Executive Director	16-Mar-04	15-Mar-09	28,027	14,807	0	14,807
15-Mar-01	Inkie Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Hyungjin Chang	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jihong Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Bongho Paick	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Ikrae Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Seungheon Han	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Youngseok Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Sewoong Lee	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Changki Min		16-Mar-04	15-Mar-09	28,027	2,961	0	2,961

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		Non Executive Director						
15-Mar-01	Bockwoan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Yoohwan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Dukhyun Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Yoonok Hyun	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Taigon Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Byungsang Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Byungjin Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Jihan Koo	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Dongsoon Park	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Hoosang Chang	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Sanghoon Lee	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jaemin Suh	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Sunghyun Chung	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jonghwa Lee	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Sangwon Lee	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Joonsup Chang	Head of Regional Head Office	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Dongshin Yang	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jaekyung Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Yeonkun Chung	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Youngno Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kitaek Hong	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Soondo Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Joonho Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Yangjin Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kwangdae Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592

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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	Sungwan Choi	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Junghaeng Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Anseok Cho	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sangcheol Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Taejoo Yoon	General Manager	16-Mar-04	15-Mar-09	28,027	10	0	10
15-Mar-01	Youngman Lee	General Manager	16-Mar-04	15-Mar-09	28,027	520	0	520
15-Mar-01	Youngsoo Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jongyoung Yoon	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jaehong Yoo	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Changhwan Bae	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sian Heo	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Seokwon Choi	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Gilho Seo	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Youngsoo Shin	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Joonbo Cho	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kiyoul Seo	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Byungdoo Ahn	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kookshin Kang	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Ingyu Choi	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Hyungyoung Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Youngrok Han	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Hyeyoung Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kihyun Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sungshin Cho	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Youngmo Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jongik Kim	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Kwangmook Park	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Yongseung Lee	General Manager	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sunggil Lee	General Manager	16-Mar-04	15-Mar-09	28,027	370	0	370
16-Nov-01	Jungtae Kim	President & CEO	17-Nov-04	16-Nov-09		500,000	0	500,000
16-Nov-01	Jungtae Kim	President & CEO	17-Nov-04	16-Nov-09	X ¹	200,000 ²	0	200,000
16-Nov-01	Sanghoon Kim	Chairman	17-Nov-04	16-Nov-09		150,000	0	150,000
22-Mar-02	Choulju Lee	Auditor & Executive Director	23-Mar-05	22-Mar-10		30,000	0	30,000
22-Mar-02	Henry Cornell	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Keunshik Oh	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Dongsoo Chung	Non Executive Director	23-Mar-05	22-Mar-10	Y ³	10,000	0	10,000
22-Mar-02	Jihong Kim	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Timothy Hartman	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000

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

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

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

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Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
22-Mar-02	Sunjin Kim	Non Executive Director	23-Mar-05	22-Mar-10	Y	3,000	0	3,000
22-Mar-02	Moonsoul Chung	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Kyunghee Yoon	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Jongkyoo Yoon	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bonghwan Cho	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Jaemin Suh	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bumsoo Choi	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bockwoan Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Kitaek Hong	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Sunghyun Chung	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Kisup Shin	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Sungkyu Lee	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Byungsang Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Jongyoung Yoon	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Jaecil Song	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Hyunggoo Shim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Junghaeng Lee	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Joonsup Chang	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Youngno Lee	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Dongsoon Park	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Sungbin Kim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Sungbok Park	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Yeonkun Chung	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Mahnsoo Song	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	15,000	0	15,000
22-Mar-02	Jeongyeon Kim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
22-Mar-02	Hakyeon Jeong	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000

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22-Mar-02	Jongwhan Byun	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
22-Mar-02	Jaehan Kim	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
22-Mar-02	Jongok Na	Head of Regional Head Office	23-Mar-05	22-Mar-10	57,100	5,000	0	5,000
26-Jul-02	Donald MacKenzie	Executive Vice President	27-Jul-05	26-Jul-10	58,800	30,000	0	30,000
Total						2,681,339	540,108	

Table of Contents**1.4. Dividend**

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

(Units: in millions of Won unless indicated otherwise)

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

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

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2. Business

2.1. Business Overview

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

We have developed one of the most extensive domestic branch networks, with 1,190 domestic branches and sub-branches as of December 31, 2002. Our extensive branch network and retail customer base have provided us with a source of stable and low cost funding.

2.2. Market Shares

2.2.1. Market Share of Deposits in Won

The following table shows the market share of Kookmin Bank among 9 nationwide commercial banks in terms of deposits in Won (which includes certificate of deposits) as of the dates indicated. Numbers for 2000 are proforma results of Former Kookmin Bank and H&CB.

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

(Units: in 100 millions of Won, %)

	December 31, 2002		December 31, 2001		December 31, 2000	
	Amount	%	Amount	%	Amount	%
Kookmin Bank	1,220,260	31.7	1,140,587	33.7	1,024,784	33.8
Woori Bank	589,095	15.3	513,903	15.2	486,305	16.0
Hana Bank	534,570	13.9	322,652	9.5	275,777	9.1
Chohung Bank	426,902	11.1	355,967	10.5	312,699	10.3
Shinhan Bank	331,479	8.6	301,285	8.9	263,513	8.7
Korea Exchange Bank	318,792	8.3	253,284	7.5	215,049	7.1
Korea First Bank	227,993	5.9	171,800	5.1	163,302	5.4
KorAm Bank	202,233	5.2	171,834	5.1	167,843	5.5
Seoul Bank			151,458	4.5	123,404	4.1
Total	3,851,324	100	3,382,770	100	3,032,676	100

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

The following table shows the market share of Kookmin Bank among 9 nationwide commercial banks in terms of household loans as of the dates indicated. Numbers for 2000 are proforma results of Former Kookmin Bank and H&CB.

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

(Units: in 100 millions of Won, %)

	December 31, 2002		December 31, 2001		December 31, 2000	
	Amount	%	Amount	%	Amount	%
Kookmin Bank	743,096	41.1	601,536	47.2	488,734	56.2
Hana Bank	235,987	13.1	105,143	8.2	53,337	6.1
Woori Bank	228,530	12.6	132,501	10.4	84,896	9.8
Shinhan Bank	159,927	8.9	107,729	8.4	56,987	6.5
Chohung Bank	154,565	8.6	90,723	7.1	53,855	6.2
Korea First Bank	105,997	5.9	78,874	6.2	50,326	5.8
Korea Exchange Bank	102,062	5.6	64,053	5.0	36,752	4.2
Seoul Bank			53,156	4.2	17,435	2.0
KorAm Bank	75,759	4.2	41,807	3.3	27,742	3.2
Total	1,805,923	100	1,275,522	100	870,064	100

2.2.3. Market Share of Mortgage Loans

The following table shows the market share of Kookmin Bank among 9 nationwide commercial banks in terms of mortgage loans as of the dates indicated. Numbers for 2000 are proforma results of Former Kookmin Bank and H&CB.

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

(Units: in 100 millions of Won, %)

	December 31, 2002	December 31, 2001	December 31, 2000
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	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Kookmin Bank	338,706	79.9	253,495	87.4	226,460	90.7
Hana Bank	25,014	5.9	7,552	2.6	2,017	0.8
Woori Bank	23,037	5.4	10,998	3.8	11,042	4.4
Korea Exchange Bank	15,584	3.7	8,719	3.0	2,394	1.0
KorAm Bank	8,592	2.0	2,432	0.8	2,264	0.9
Shinhan Bank	7,709	1.8	2,943	1.0	2,374	1.0
Seoul Bank			1,078	0.4	862	0.3
Chohung Bank	4,126	1.0	2,326	0.8	1,702	0.7
Korea First Bank	1,308	0.3	658	0.2	550	0.2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	424,076	100	290,201	100	249,665	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

(Unit: in millions of Won)

		December 31, 2002		December 31, 2001		December 31, 2000	
		Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency	Deposits and Mutual installment	113,157,719	4.21	63,743,997	5.53	47,038,144	6.18
	Certificate of deposit	2,119,900	4.82	2,022,414	6.10	1,910,630	6.99
	Borrowings	4,568,873	4.45	3,784,147	4.85	3,317,619	6.43
	Call money	1,039,249	4.02	403,937	4.11	562,807	4.89
	Other	14,254,281	6.70	9,112,858	7.57	5,799,092	10.78
Subtotal		135,140,022	4.49	79,067,353	5.74	58,628,292	6.67
Foreign currency	Deposits	1,096,544	1.28	952,701	3.08	882,344	5.20
	Borrowings	2,269,774	2.45	2,018,537	5.47	2,725,810	7.10
	Call money	293,151	1.65	223,156	3.67	193,324	6.31
	Finance debentures issued	1,071,848	3.57	1,430,804	5.68	1,521,343	7.75
	Other	23,087		15,081		13,666	
Subtotal		4,754,404	2.67	4,640,279	5.32	5,336,487	7.20
Other	Total Shareholders' Equity	14,586,550		7,463,687		5,001,918	
	Allowance for credit losses	63,039		353,183		519,496	
	Other	3,717,379		4,065,899		3,032,325	
Subtotal		18,366,968		11,882,769		8,553,739	
Total		158,261,394	3.92	95,590,401	5.00	72,518,518	5.92

Table of Contents**2.3.2. Use of Funds**

(Unit: in millions of Won)

		December 31, 2002		December 31, 2001		December 31, 2000	
		Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency	Due from banks	1,041,865	4.62	1,339,572	5.60	3,276,652	7.39
	Securities	30,180,305	6.32	23,861,424	6.78	18,030,147	9.38
	Loans	105,188,481	7.79	53,575,082	8.87	38,301,330	9.71
	Advances for customers	91,583	4.35	127,704	3.84	337,987	4.62
	Call loan	736,571	4.36	1,765,067	4.80	524,653	6.59
	Private placement corporate bonds	1,631,524	7.32	2,065,179	10.32	1,878,194	9.21
	Credit card accounts	5,719,359	10.25	912,210	17.63	565,673	10.54
	Other	374,718		614,014		145,983	
	Allowance for credit losses (-)	1,437,960		1,297,930		1,224,823	
	Subtotal		143,526,446	7.66	82,962,322	8.50	61,835,796
Foreign currency	Due from banks	253,390	1.35	121,994	3.28	1,335,708	7.50
	Securities	1,302,214	7.97	1,079,359	9.13	961,991	12.48
	Loans	3,216,042	3.39	3,870,853	5.66	3,073,781	7.69
	Call loan	188,465	1.98	185,466	4.15	209,321	6.88
	Bills bought	835,356	4.71	1,045,331	7.60	719,683	10.16
	Other	15,739		116,454			
	Allowance for credit losses (-)	267,194		266,613		452,120	
Subtotal		5,544,012	4.95	6,152,844	7.11	5,848,355	9.40
Other	Cash	914,639		530,451		421,390	
	Fixed assets used for business purpose	3,126,812		1,462,413		1,298,813	
	Other	5,149,485		4,482,371		3,114,164	
Subtotal		9,190,936		6,475,235		4,834,367	
Total		158,261,394	7.12	95,590,401	7.83	72,518,518	9.06

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

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

(Unit: in millions of Won)

		December 31, 2002		December 31, 2001		December 31, 2000	
		Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Deposits in Won	Demand deposits	10,654,651	12,987,742	4,832,281	10,824,005	3,720,546	4,173,966
	Time & savings deposits	93,347,999	93,630,423	53,496,908	89,080,935	40,279,328	43,495,480
	Mutual installment deposits	8,058,664	7,491,115	6,469,772	8,871,193	4,632,965	5,521,161
	Mutual installment for housing	4,463,601	4,872,637	928,398	4,128,489	73,831	204,111
	Certificates of deposits	2,119,900	3,044,089	2,022,414	1,154,056	1,910,630	2,424,947
	Subtotal	118,644,815	122,026,006	67,749,773	114,058,678	50,617,300	55,819,665
	Deposits in foreign currency	1,096,544	1,083,647	952,701	1,102,626	858,330	702,481
Trust deposits	Money trust	17,214,936	15,356,285	20,375,456	19,739,709	22,279,546	20,349,257
	Property trust	16,783,690	26,852,684	5,409,033	12,559,922	92,838	875,984
	Subtotal	33,998,626	42,208,969	25,784,489	32,299,631	22,372,384	21,225,241
	Total	153,739,985	165,318,622	94,486,963	147,460,935	73,848,014	77,747,387

2.4.2. Average Deposit per Domestic Branch

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

(Unit: in millions of Won)

	<u>December 31, 2002</u>	<u>December 31, 2001</u>	<u>December 31, 2000</u>
Deposits	121,137	133,548	120,422
Deposits in Won	120,336	132,320	119,089

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

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

(Unit: in millions of Won)

	<u>December 31, 2002</u>	<u>December 31, 2001</u>	<u>December 31, 2000</u>
Deposits	7,256	7,243	5,917
Deposits in Won	7,208	7,176	5,852

2.4.4. Loan Balances

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

(Unit: in millions of Won)

	<u>December 31, 2002</u>		<u>December 31, 2001</u>		<u>December 31, 2000</u>	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Loans in Won	105,117,047	116,472,105	53,498,087	94,698,769	38,301,330	43,436,111
Loans in foreign currency	3,228,857	4,417,176	3,924,562	4,174,237	3,077,642	2,970,653
Advances to customers	106,380	52,430	244,158	199,831	337,987	240,992
Subtotal	108,452,284	120,941,711	57,666,807	99,072,837	41,716,959	46,647,756
Trust account loans	789,614	575,412	2,194,851	1,117,817	4,216,018	3,170,756
Total	109,241,898	121,517,123	59,861,658	100,190,654	45,932,977	49,818,512

2.4.5. Loan Balances as of December 31, 2002 by Remaining 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	52,978,906	45,900,006	5,496,579	12,096,614	116,472,105
Loans in foreign currencies	2,881,739	644,270	293,480	597,687	4,417,176

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

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

(Unit: in millions of Won)

		<u>December 31, 2002</u>	<u>December 31, 2001</u>	<u>December 31, 2000</u>
Loans to enterprise	Loans for operations	35,369,066	29,286,707	20,899,277
	Loans for equipments	5,963,631	4,434,447	4,393,664
Loans to households		40,477,483	34,648,918	14,215,303
Loans to public sector & others	Loans for operations	738,632	730,598	1,914,841
	Loans for equipment	39,414	57,211	49,508
Loans on property formation savings		95,252	154,069	244,479
Loans for housing		33,731,435	25,342,969	1,663,904
Inter-bank loans		20,941	36,110	51,343
Others		36,251	7,740	3,792
		<u>116,472,105</u>	<u>94,698,769</u>	<u>43,436,111</u>

2.4.7. Loan to Deposit Ratio

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

(Units: in millions of Won, %)

	<u>December 31, 2002</u>	<u>December 31, 2001</u>	<u>December 31, 2000</u>
Loans ¹ (A)	105,117,047	53,498,087	38,301,330
Deposits ² (B)	118,644,815	67,749,773	50,617,300
Loan to deposit ratio (A/B)	<u>88.60</u>	<u>78.96</u>	<u>75.67</u>

2.4.8. Acceptances and Guarantees

(Unit: in millions of Won)

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	<u>December 31, 2002</u>	<u>December 31, 2001</u>	<u>December 31, 2000</u>
Confirmed	1,031,698	3,521,970	3,035,968
Unconfirmed	1,306,878	1,369,723	1,183,433
Total	2,338,576	4,891,693	4,219,401

-
1. Average balance of loans in Won for 12 months ended each indicated date
 2. Average balance of deposits in Won for 12 months ended each indicated date. The balances include certificate of deposits

Table of Contents**2.4.9. Breakdown of Securities Investment**

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

(Unit: in millions of Won)

		December 31, 2002		December 31, 2001		December 31, 2000	
		Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Securities in Won (Banking account)	Monetary stabilization bonds	2,834,534	3,269,269	3,571,137	3,139,925	2,773,897	1,973,079
	Government and public bonds	4,272,946	5,252,321	4,454,446	4,592,251	4,095,760	4,595,840
	Debentures	13,154,258	13,378,717	11,410,904	14,691,304	8,431,478	9,151,880
	Stocks	2,146,149	1,661,682	1,309,134	2,154,449	1,004,648	1,142,113
	Others	7,809,012	7,162,134	3,115,803	7,547,153	1,724,364	1,588,295
Subtotal		30,216,899	29,724,123	23,861,424	32,125,082	18,030,147	18,451,207
Securities in Won (Trust account)	Monetary stabilization bonds	1,309,515	583,379	3,228,021	2,725,071	3,654,209	3,365,883
	Government and public bonds	2,023,503	1,323,195	2,990,549	3,059,777	1,894,815	2,816,167
	Debentures	8,035,960	7,600,794	7,635,765	7,613,829	6,966,409	6,828,929
	Stocks	904,921	924,514	672,845	890,151	568,650	547,797
	Others	3,945,649	3,821,884	4,340,103	3,913,328	5,718,473	3,576,520
Subtotal		16,779,512	15,001,019	18,985,430	18,572,571	18,842,267	17,135,296
Securities in foreign currency (Trust Account)		559,964	747,253	118,147	370,415	39,711	0
Subtotal		16,779,512	15,001,019	18,985,430	18,572,571	18,842,267	17,135,296
Securities in foreign currency (Banking account)	Foreign securities	945,199	960,749	736,084	909,730	631,040	583,229
	Off-shore foreign securities	320,423	255,878	343,275	382,542	370,664	316,868
Subtotal		1,265,622	1,216,627	1,079,359	1,292,272	1,001,704	900,097
Total		48,262,033	45,941,769	43,926,213	51,989,925	37,874,118	36,486,600

2.4.10. Trust Account (money trust)

(Unit: in millions of Won)

	December 31, 2002		December 31, 2001		December 31, 2000	
	Total amount trusted	Trust fees	Total amount trusted	Trust fees	Total amount trusted	Trust fees
Return-guaranteed trust	1,528	59,530	25,551	- 17,147	581,332	- 77,157
Performance trust	33,997,098	241,444	25,758,938	353,890	21,821,152	308,287
Total	33,998,626	300,974	25,784,489	336,743	22,402,484	231,130

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

(Unit: in millions of Won unless indicated otherwise)

		As of or for the years ended December 31		
		2002	2001	2000
Number of card holders (Person)	Corporate	58,090	23,811	17,942
	Individual	4,748,427	4,017,950	3,053,224
Number of merchants		295,668	262,619	196,264
Profit	Sales ¹	27,216,500	22,272,700	12,538,100
	Fee revenue	1,039,710	819,399	440,653

2.4.11.2. Kookmin Card²

(Unit: in millions of Won unless indicated otherwise)

		As of or for the years ended December 31		
		2002	2001	2000
Number of card holders (Person)	Corporate	153,425	105,600	137,657
	Individual	11,638,968	9,605,946	8,036,140
Number of merchants		1,569,103	1,675,176	1,230,838
Profit	Sales ¹	83,860,180	65,382,300	37,875,680
	Fee revenue ³	155,545	142,700	115,355

2.5. Property, Plants and Equipment

2.5.1. Branch Network

As of December 31, 2002, we had 1,128 branches and 62 sub-branches in Korea, the largest number of branches among Korean commercial banks. We believe that our extensive branch network in Korea and retail customer base provide us with a source of stable and relatively low cost funding. Approximately 42% of our branches and sub-branches are located in Seoul.

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

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We also have three subsidiaries in Luxemburg, Hong Kong and London and three branches in Tokyo, New York and Auckland.

2.5.2. Property

Our registered office and corporate headquarters are located at 9-1, 2-Ga, Namdaemun-Ro, Jung-Gu, Seoul, Korea. The book value of all the properties owned by us as of December 31, 2002 was 1,591,439 million Won. In addition to the properties owned by us, we also leased 1,026,344 million Won of properties for our branch space. We do not own any material properties outside of Korea.

2.5.3. Automated Banking Machines

We have established an extensive network of automated banking machines, which are located in branches and in Autobanks (unmanned outlets). These automated banking machines consist of ATMs, cash dispensers and passbook printers. As of December 31, 2002, we had 6,102 ATMs, 2,748 cash dispensers and 896 passbook printers.

2.6. Other Details Relevant to Investment Decision

2.6.1. BIS Risk-adjusted Capital Ratios

(Units: in millions of Won, %)

	<u>December 31, 2002</u>	<u>December 31, 2001</u>	<u>December 31, 2000</u>
Risk-adjusted capital (A)	14,439,313	11,750,856	6,297,886
Risk-weighted assets (B)	138,703,021	114,849,227	56,346,867
BIS ratios (A/B)	10.41	10.23	11.18

2.6.2. Non-performing Loans¹

(Units: in millions of Won unless indicated otherwise)

<u>December 31, 2002</u>		<u>December 31, 2001</u>		<u>Change</u>	
Amount	NPL to total loans	Amount	NPL to total loans	Amount	NPL to total loans

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<u>2,509,073</u>	1.90 %	2,954,464	2.62 %	- 445,391	- 0.72 percentage points
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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**2.6.3. Loan Loss Allowances**

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

(Units: in millions of Won)

		December 31, 2002	December 31, 2001	December 31, 2000
Loan loss allowance	Domestic	2,365,898	2,255,068	1,822,208
	Overseas	12,798	16,111	4,492
	Total	2,378,696	2,271,179	1,826,700
Write-offs for the 12 month periods ended December 31		1,527,311	1,090,029	558,480

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3. Financial Information

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

Table of Contents**4. Auditors Report****4.1. Report of the Independent Auditor**

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

4.2. Compensation to the Independent Auditor**4.2.1. Audit Service**

The aggregate remuneration paid by us to the independent auditor for the last three years of the year ended December 31, 2002, 2001 and 2000 was 900 million Won, 1,090 million Won and 490 million Won, respectively.

4.2.2. Service Other than Audit

The following is a description for the last three years on services and the relevant fees and commissions we paid to the independent auditor for the respective service.

(Units: in millions of Won unless indicated otherwise)

Year	Service description	Amount of payment
2002	Project for improving the accounting process	690
	Advisory service for the conversion process in US GAAP	1,450
2001	Due diligence on the assets and liabilities in connection with the merger	2,400
	US GAAP conversion for 2000	US\$ 2,700 thousand
	US GAAP conversion for New York Stock Exchange listing of New Kookmin Bank	US\$ 7,480 thousand
	Advisory service for tax in connection with the merger	300
	US GAAP conversion	US\$ 4,950 thousand
2000 for H&CB	US GAAP conversion for New York Stock Exchange listing	US\$ 6,100 thousand
	US GAAP consulting service	US\$ 820 thousand

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5. Corporate Governance and Affiliated Companies

5.1. Board of Directors

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

matters relating to business objectives and performance evaluation;

matters relating to amendments of the Articles of Incorporation;

matters relating to budget and accounting including salaries of directors and employees;

matters relating to major organizational changes such as dissolution, business transfer and merger;

matters relating to internal control standards; or

other matters determined by law and the board of directors regulations

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

the Board Steering Committee;

the Management Strategy Committee;

the Risk Management Committee;

the Audit Committee;

the Compensation Committee; and

the Non Executive Director Nomination Committee.

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

5.2. Audit Committee

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

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by, the board of directors to each general meeting of stockholders. The committee holds regular meetings every quarter.

5.3. Voting Rights of Shareholders

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

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

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

5.4. Compensation to the Directors

For the 12 months ended December 31, 2002, the aggregate of the remuneration paid by us to 1) the Chairman, President & CEO and our other executive directors and 2) our non-executive directors was 3,146 million Won, 515 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>
Executive Directors	3,146		681
Non Executive Directors	515		47
	<u>3,661</u>	<u>8,000</u>	<u>728</u>

As part of remuneration, Kookmin Bank also granted stock options to directors. See 1. Introduction to the Bank / 1.3. Capital Structure / 1.3.4. Stock Option.

5.5. Affiliated Companies

5.5.1. List of Affiliates

As of December 31, 2002, we have following affiliates.

KB Investment Co., Ltd.

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Kookmin Credit Card Co., Ltd.

KB Investment Trust Management Co., Ltd.

KB Real Estate Trust Co., Ltd.

KB Credit Information Co., Ltd.

Kookmin Data System Corporation

Kookmin Futures Co., Ltd.

ING Life Korea Ltd.

Kookmin Bank Luxemburg, S.A.

Kookmin Bank International (London) Ltd.

Kookmin Finance Hong Kong Ltd.

5.5.2. Operating Results of Affiliates

(Unit: in millions of Won)

Company name	Closing date	Accounting results of the latest fiscal year				
		Total Assets	Total Liabilities	Total Equities	Sales	Net income
KB Investment	December 31, 2002	99,979	26,206	73,773	18,744	-33,883
Kookmin Credit Card	December 31, 2002	13,381,247	12,463,020	918,227	3,156,230	-260,888
KB Investment Trust Management	March 31, 2002	60,074	14,945	45,129	34,161	19,243
KB Real Estate Trust	December 31, 2002	300,671	212,943	87,728	59,771	8,915
KB Credit Information	December 31, 2002	20,772	6,821	13,951	34,179	3,639
Kookmin Data System Corporation	December 31, 2002	18,290	4,671	13,619	43,290	2,008
Kookmin Futures	March 31, 2002	46,826	23,396	23,430	14,622	3,519
ING Life Korea	March 31, 2002	1,135,081	1,083,209	51,872	712,355	37,241
Kookmin Bank Luxemburg	December 31, 2002	459,080	453,951	5,129	17,829	7,501
Kookmin Bank International (London)	December 31, 2002	344,265	296,527	47,738	11,327	742

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Kookmin Finance Hong Kong	December 31, 2002	293,205	231,773	61,432	22,957	12,186
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Table of Contents**6. Equity Securities****6.1. Major Shareholders**

The following table presents information regarding the beneficial ownership of our shares at December 31, 2002 by each person known by us to own beneficially more than 5% of our outstanding shares.

Name	Number of Shares of Common Stock	Percentage of Total Outstanding Shares of Common Stock
The Government of Korea	30,623,761	9.33%
Goldman Sachs	16,831,607	5.13%
The Bank of New York ¹	37,728,214	11.49%
Total	85,183,582	25.95%

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

(Unit: in Won, thousands of shares)

		July	August	September	October	November	December
Registered Common Shares	High	62,100	56,500	57,200	46,000	45,950	47,700
	Low	53,300	50,700	44,750	37,150	32,900	42,000
Trading Volume		26,808	18,972	30,320	50,040	50,870	29,678

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

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

July	August	September	October	November	December
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American Depositary Shares	High	51.76	47.62	46.08	36.85	34.01	40.09
	Low	44.10	42.10	35.43	29.40	31.30	34.90
Trading Volume		8,197	5,095	6,829	10,244	8,831	4,269

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

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

As of December 31, 2002, our board of directors, which consists of 3 executive directors and 8 non-executive directors, has the ultimate responsibility for the management of our affairs.

7.1. Executive Directors

Our 3 executive directors consist of the chairman, president & CEO and auditor & executive director.

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

Name	Date of Birth	Position	Common Shares Owned
Sanghoon Kim	03/13/1942	Chairman	100
Jungtae Kim	08/15/1947	President & CEO	56,581
Choulju Lee	11/22/1939	Auditor & Executive Director	682

7.2. Non-Executive Directors

Our non-executive directors are selected based on the candidates' talents and skills in diverse areas, such as law, finance, economy, management and accounting. As of December 31, 2002, 8 non-executive directors are in office.

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

Name	Date of Birth	Position	Common Shares Owned
Moonsoul Chung	03/07/1938	Non-Executive Director	3,191
Timothy Hartman	03/01/1939	Non-Executive Director	
Sunjin Kim	06/08/1942	Non-Executive Director	2,215
Dongsoo Chung	09/24/1945	Non-Executive Director	200
Keunshik Oh	09/12/1946	Non-Executive Director	360
Kyunghee Yoon	01/05/1947	Non-Executive Director	
Henry Cornell	04/11/1956	Non-Executive Director	
Jihong Kim	06/08/1956	Non-Executive Director	

Table of Contents**7.3. Senior Management**

In addition to the executive directors who are also our executive officers, we currently have the following executive officers:

Name	Date of Birth	Position	Common Shares Owned
Jongkyoo Yoon	10/13/1955	Executive Vice President	3,300
Donald MacKenzie	12/20/1948	Executive Vice President	
Bonghwan Cho	03/30/1950	Executive Vice President	4,581
Sungchul Kim	09/10/1951	Executive Vice President	3,498
Jaemin Suh	08/11/1947	Executive Vice President	3,717
Buhmsoo Choi	08/08/1956	Executive Vice President	
Bockwoan Kim	11/17/1944	Executive Vice President	3,140
Youngil Kim	07/06/1953	Executive Vice President	3,327
Kitaek Hong	01/16/1948	Executive Vice President	3,931
Sunghyun Chung	08/10/1947	Executive Vice President	
Kisup Shin	10/29/1955	Executive Vice President	280
Seongkyu Lee	10/25/1959	Executive Vice President	
Jongin Park	03/10/1954	Executive Vice President	265
Byungsang Kim	02/19/1947	Executive Vice President	634
Woojung Lee	07/11/1949	Executive Vice President	

7.4. Employees

The following table shows the breakdown of our employees as of December 31, 2002.

(Unit: in millions of Won)

	Number of Employees			Average Tenure of the full-time employees	Total Payment for the 12 Months Period	Average Monthly Payment per Person
	Full-time	Contractual	Total			
Male	13,288	1,234	14,522	15.60 years	824,993	4.7
Female	5,029	7,431	12,460	12.22 years	410,024	2.7
Total	18,317	8,665	26,982	14.67 years	1,235,017	3.8

7.5. Labor Union

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Under Korea Financial Industry Union, we currently have two union chapters following the merger. There are 8,446 members in Former Kookmin Bank chapter and 7,022 members in H&CB chapter.

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

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

8.1. Transactions with the Largest Shareholders and Etc.**8.1.1. Loans to Affiliates**

(Unit: in millions of Won)

Name	Relation with the Bank	Beginning Balance (January 1, 2002)	Increase	Decrease	Ending Balance (December 31, 2002)
Kookmin Credit Card	Affiliate	22,526		1,743	20,783

8.1.2. Guarantees Provided for Affiliates

(Unit: in millions of Won)

Name	Relation with the Bank	Beginning Balance (January 1, 2002)	Increase	Decrease	Ending Balance (December 31, 2002)
KB Real Estate Trust	Affiliate	53		53	0

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Table of Contents**8.1.3. Investments in Affiliates**

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Par Value	Beginning Balance (January 1, 2002)	Increase	Decrease	Ending Balance (December 31, 2002)
Kookmin Credit Card	Affiliate	Equity Securities of Affiliate	271,825	271,825			271,825
KB Real Estate Trust	Affiliate	Equity Securities of Affiliate	79,999	79,999			79,999
KB Investment	Affiliate	Equity Securities of Affiliate	31,999	31,999	12,709		44,708
KB Investment Trust Management	Affiliate	Equity Securities of Affiliate	30,670	30,670			30,670
Kookmin Futures	Affiliate	Equity Securities of Affiliate	19,999	19,999			19,999
Kookmin Data System	Affiliate	Equity Securities of Affiliate	7,998	7,998			7,998
KB Credit Information	Affiliate	Equity Securities of Affiliate	2,520	2,520	1,398		3,918
ING Life Korea	Affiliate	Equity Securities of Affiliate	14,000	14,000			14,000
Total			459,010	459,010	14,107		473,117

8.1.4. Real Estate Transactions with Affiliates

(Unit: in millions of Won)

Name	Relation with the Bank	Type	Account	Increase (Pyung)	Decrease (Pyung)	Lease Deposits	Rent Fee
Kookmin Credit Card	Affiliate	Building	Rental Income	80	941	-1,426	
KB Credit Information	Affiliate	Building	Rental Income	1,125	492	1,188	0.3
KB Real Estate Trust	Affiliate	Building	Rental Income	99	71	-15	
Total				1,304	1,504	-253	0.3

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

(Unit: in millions of Won)

Name	Relation with the Bank	Account		Beginning Balance (January 1, 2002)	Increase	Decrease	Ending Balance (December 31, 2002)
Youngpoong Co.	Shareholder	Loan		266		266	
Youngpoong Co.	Shareholder	Guarantee	In Won	1,744		1,217	527
			Foreign Currency	17,247		1,642	15,605
Sunjin Kim	Non Executive Director	Loan		32		32	
Keunshik Oh	Non Executive Director	Loan		8			8
Total				19,297		3,157	16,140

8.2.2. Purchase and Disposition of Securities

(Unit: in millions of Won)

Name	Relation with the Bank	Issuer	Par Value	Purchase Amount	Disposition Amount	Balance
Sunjin Kim (Yuhan Corporation)	Non Executive Director	Yuhan Corporation	60	638 ¹		638

1. As of December 31, 2002, the market value is 623 million Won.

Table of Contents**8.2.3. Real Estate Transaction**

(Unit: in millions of Won)

Name	Relation with Kookmin Bank	Type	Account	Increase (Pyung)	Decrease (Pyung)	Lease Deposits	Rent Fee
Youngpoong Co.	Shareholder	Real estate	Rental Expense			9,664	
Youngpoong Mining & Construction Co.	Shareholders Affiliate	Real estate	Rental Expense			850	
Korean Teachers Credit Union	Shareholder	Real estate	Rental Expense			897	
National Pension Corporation	Shareholder	Real estate	Rental Income			550	
Total						11,961	

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9. Exhibits

9.1. List of Financial Statements

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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, 2003

By: /s/ Jong-Kyoo Yoon

(Signature)

Name: Jong-Kyoo Yoon

Title: Executive Vice President &

Chief Financial Officer

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Independent Auditor's Report

To the Board of Directors and Shareholders of

Kookmin Bank

We have audited the accompanying non-consolidated balance sheets of Kookmin Bank (the Bank) as of December 31, 2002 and 2001, and the related non-consolidated statements of income, appropriations of retained earnings, and cash flows for the years then ended, expressed in Korean Won. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2002 and 2001, and the results of its operations, the changes in its retained earnings, and its cash flows for the years then ended, in accordance with financial accounting standards generally accepted in the Republic of Korea.

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

As discussed in Note 33 to the non-consolidated financial statements, the Bank completed the legal consolidation with H&CB as of October 31, 2001. Despite the legal form of consolidation, the business combination was accounted for as an acquisition with the Bank as acquirer of H&CB's total assets of (Won)67,742,958 million and liabilities of (Won)64,381,185 million. The Bank's registration statement with the Securities and Exchange Commission of the United States of America was declared effective on September 10, 2001, and the new shares of the Bank are listed on New York Stock Exchange as American Depositary Shares (ADS) since November 1, 2001.

Continued;

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As discussed in Note 2 to the non-consolidated financial statements, during the current period, the rates for determining allowances for consumer loans and credit cards loans were changed, in preparation for the increasing risk of loan losses due to the increase of consumer loans and credit cards, as follows.

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

As a result of the changed allowance rates, the Bank provided additional allowances of (Won)274,673 million for consumer loans and (Won)87,035 million for credit cards loans for the year ended December 31, 2002, resulting in a decrease of (Won)361,708 million decrease in net income before income tax expenses for the year ended December 31, 2002.

As discussed in Note 18 to the non-consolidated financial statements, the Bank sold 65.43% of its 85.43% investment in Jooeun Leasing Co., Ltd. and (Won)172,024 million of loans to Sun Capital Inc. for (Won)145,000 million on August 30, 2002. The Bank also sold an additional 5.03% of its investment in Jooeun Leasing Co., Ltd. to Sun Capital Inc. for (Won)900 million on October 28, 2002.

As discussed in Note 18 to the non-consolidated financial statements, the Bank sold its 87.00% ownership of Kookmin Investment Trust Management Co., Ltd. and 88.66% ownership of Kookmin Leasing Co., Ltd. to Morgan Stanley Private Equity, the M&A private funds led by Morgan Stanley Global Emerging Markets Inc. and affiliated funds, and Sun Capital Inc. on May 29, 2002 and December 27, 2002, respectively.

As discussed in Note 5 to the non-consolidated financial statements, Kookmin Venture Capital Co., Ltd., Frontier Investment Co., Ltd., and Kookmin Investment Co., Ltd. were subsidiaries of the Bank. Kookmin Venture Capital Co., Ltd. merged with Frontier Investment Co., Ltd. and Kookmin Investment Co., Ltd. on December 31, 2001 and June 27, 2002, respectively, to avoid duplicate investments.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations, and cash flows in accordance 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 non-consolidated financial statements are for use by those who are knowledgeable about Korean accounting principles or auditing standards and their application in practice.

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Samil Accounting Corporation

Seoul, Korea

February 7, 2003

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Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED BALANCE SHEETS****December 31, 2002 and 2001**

	In Millions of Korean Won	
	2002	2001
ASSETS :		
Cash and due from banks (Note 3)	(Won) 4,599,356	(Won) 7,503,624
Trading securities (Note 4)	5,676,973	6,414,148
Investment securities (Note 5)	25,263,777	27,003,206
Loans (Notes 6 and 7)	126,730,561	107,029,959
Fixed assets (Note 8)	3,092,616	2,924,471
Other assets (Note 9)	6,135,558	6,018,394
Total Assets	(Won) 171,498,841	(Won) 156,893,802
LIABILITIES AND SHAREHOLDERS' EQUITY :		
Deposits (Note 10)	(Won) 123,109,653	(Won) 115,161,304
Borrowings (Note 11)	10,690,754	12,556,052
Debentures (Note 12)	17,539,007	9,076,028
Other liabilities (Note 15)	10,110,031	11,186,876
Total Liabilities	161,449,445	147,980,260
Commitments and Contingencies (Notes 16 and 18)		
Common stock, par value: (Won)5,000, authorized: 1,000 million shares, issued and outstanding: 328,258,685 shares		
(Notes 1 and 19)	1,641,293	1,498,487
Capital surplus (Note 20)	5,864,752	5,683,964
Retained earnings (Note 21)	2,417,102	1,427,475
Capital adjustments (Note 22)	126,249	303,616
Total Shareholders' Equity	10,049,396	8,913,542
Total Liabilities and Shareholders' Equity	(Won) 171,498,841	(Won) 156,893,802

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

Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED INCOME STATEMENTS**

For the years ended December 31, 2002 and 2001

	In Millions of Korean Won	
	2002	2001
Interest income :		
Interest on due from banks	(Won) 51,580	(Won) 78,983
Interest on trading securities	95,576	172,045
Interest on investment securities	1,487,318	1,429,652
Interest on loans	9,251,849	5,603,114
Other interest income	102,735	123,354
	<u>10,989,058</u>	<u>7,407,148</u>
Interest expenses :		
Interest on deposits	4,770,967	3,613,398
Interest on borrowings	415,938	513,876
Interest on debentures	830,219	531,244
Other interest expenses	58,068	62,354
	<u>6,075,192</u>	<u>4,720,872</u>
Net interest income	4,913,866	2,686,276
Provision for loan losses (Note 7)	1,593,479	992,249
Net interest income after provision for loan losses	<u>3,320,387</u>	<u>1,694,027</u>
Non-interest income :		
Fees & commission income	1,345,669	530,343
Dividends on trading securities	1,123	323
Dividends on investment securities	12,186	6,679
Gain on foreign currency transactions	202,367	359,423
Gain on derivatives (Note 17)	2,364,376	2,292,219
Others (Note 23)	669,722	397,770
	<u>4,595,443</u>	<u>3,586,757</u>
Non-interest expenses :		
Fees & commission expenses	330,385	138,835
General and administrative expenses (Note 24)	2,551,426	1,458,544
Loss on foreign currency transactions	245,232	211,401
Loss on derivatives (Note 17)	2,164,987	2,319,432
Others (Note 23)	358,035	307,026
	<u>5,650,065</u>	<u>4,435,238</u>

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Operating income	2,265,765	845,546
Non-operating income (expenses), net (Note 25)	(372,147)	246,705
Net income before income tax expenses	1,893,618	1,092,251
Income tax expenses (Note 26)	583,327	351,686
Net income	(Won) 1,310,291	(Won) 740,565
Basic earnings per share (In Korean Won) (Note 27)	(Won) 4,123	(Won) 3,706
Diluted earnings per share (In Korean Won) (Note 27)	(Won) 4,123	(Won) 3,545

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

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Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS**

For the years ended December 31, 2002 and 2001

Dates of appropriations: March 21, 2003 for 2002 and March 22, 2002 for 2001

	In Millions of Korean Won	
	2002	2001
Retained earnings before appropriations:		
Unappropriated retained earnings carried over from prior year	(Won) 5,117	(Won) 37
Adjustment of investment in associates (Note 21)	4,562	(68,184)
Net income	1,310,291	740,565
	<u>1,319,970</u>	<u>672,418</u>
Transferred from prior years' reserves (Note 21):		
Reserves for overseas investment losses	5,417	8,483
	<u>1,325,387</u>	<u>680,901</u>
Appropriations (Note 21):		
Legal reserves	132,000	74,100
Reserves for business rationalization		1,000
Cash dividends (20.0% for common stock in 2002, 2.0% for common stock in 2001)	325,233	29,967
Stock dividends (6.0% for common stock in 2001)		89,900
Voluntary reserves	867,000	480,000
Other reserves	744	817
	<u>1,324,977</u>	<u>675,784</u>
Unappropriated retained earnings carried over to the subsequent year	(Won) 410	(Won) 5,117

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

Table of Contents**KOOKMIN BANK****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2002 and 2001

	In Millions of Korean Won	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES :		
Net income	(Won) 1,310,291	(Won) 740,565
Adjustments to reconcile net income to net cash provided by operating activities :		
Realized gain on trading securities, net	(87,802)	(34,724)
Unrealized loss (gain) on trading securities, net	(167,366)	4,140
Loss (gain) on foreign currency transactions, net	42,865	(148,022)
Provision for loan losses	1,593,479	992,249
Loss (gain) on derivative instruments, net	(199,389)	27,213
Retirement benefits	100,198	112,366
Depreciation and amortization	389,931	116,871
Loss on disposition of fixed assets, net	6,288	3,374
Realized gain on investment securities, net	(210,845)	(72,931)
Impairment loss on investment securities, net	272,393	95,117
Unrealized gain on investment securities, net	(2,022)	(85,519)
Loss (gain) on investment in associates	273,620	(351,226)
Loss (gain) on sale of loans, net	(6,475)	118,021
Others, net	(57,197)	(131,969)
Changes in assets and liabilities resulting from operations		
Accrued income	3,238	436,959
Prepaid expenses	14,037	2,963
Deferred tax assets	(51,181)	97,110
Other assets	5,639	181,463
Accrued expenses	(90,475)	(513,456)
Unearned income	(1,070)	(17,216)
Withholding taxes	(54,343)	(51,415)
Accounts for agency business	141,532	218,857
Other liabilities	45,215	(232,975)
Decrease in retirement benefits	(19,130)	(629,069)
Increase in pension funds	(60,268)	(23,400)
Decrease in the national pension fund	33	24,927
Net cash provided by operating activities	3,191,196	880,273

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

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued****For the years ended December 31, 2002 and 2001**

	In Millions of Korean Won	
	2002	2001
<u>CASH FLOWS FROM INVESTING ACTIVITIES :</u>		
Decrease (increase) in due from banks	(Won) 2,839,245	(Won) (2,730,337)
Decrease in trading securities	992,343	287,364
Decrease (increase) in investment securities	1,606,941	(1,456,493)
Increase in loans, net	(20,439,846)	(7,295,710)
Proceeds from disposition of fixed assets	15,027	10,584
Acquisition of fixed assets	(579,330)	(180,137)
Others, net	360,592	(939,278)
Net cash used in investing activities	(15,205,028)	(12,304,007)
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>		
Increase in deposits, net	7,948,349	7,672,166
Increase in borrowings	17,520,024	6,476,497
Increase in debentures	14,658,294	1,552,519
Decrease in borrowings	(20,366,653)	(4,448,335)
Decrease in debentures	(5,961,214)	(4,209,339)
Others, net	(1,857,703)	735,180
Net cash provided by financing activities	11,941,097	7,778,688
Net decrease in cash and cash equivalents	(72,735)	(3,645,046)
Cash and cash equivalents, beginning of the year (Note 34)	3,173,316	6,818,362
Cash and cash equivalents, end of the year (Note 34)	(Won) 3,100,581	(Won) 3,173,316

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

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002 and 2001

1. The Bank:

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

The Bank merged with Korea Long Term Credit Bank (KLB) on December 31, 1998 and with Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., Ltds. 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 (See 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. The Bank's paid-in capital amounts to (Won)1,641,293 million as of December 31, 2002 (See Note 19). Also, as of December 31, 2002, 37,728,214 shares of the Bank are listed on the New York Stock Exchange as American Depositary Shares (ADS).

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 1,336 domestic branches and offices (including ATMs) and 3 overseas branches as of December 31, 2002.

2. Summary of Significant Accounting Policies:

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

Basis of Non-consolidated Financial Statement Presentation -

The Bank's non-consolidated financial statements were prepared in accordance with the financial accounting standards generally accepted in the Republic of Korea and the accounting standards generally accepted for banking institutions, as modified by the accounting and reporting

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guidelines prescribed by the banking regulatory authorities.

The Bank maintains its official accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with the 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 non-consolidated financial statements. Certain information attached to the Korean language financial statements, that are not required for a fair presentation of the Bank's financial position, results of operations or cash flows are not presented in the accompanying financial statements.

The preparation of financial statements in conformity with financial accounting standards generally accepted in the Republic of Korea and the accounting standards generally accepted for banking institutions requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results may differ from those estimates.

The Bank operates both a commercial banking business and a trust business in which the Bank, as a fiduciary, holds and manages the property of others. Under the Trust Business Act, the trust funds are accounted for and reported separately from the Bank's own commercial banking business.

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Recognition of Interest Income -

The Bank recognizes interest income on loans and debt securities on an accrual basis. However, interest income on delinquent and dishonored loans and debt securities, other than those subject to security deposits and guaranteed by financial institutions, is recognized on a cash basis.

Translation of Foreign Currency -

Assets and liabilities denominated in foreign currencies are translated into Korean Won at exchange rates announced by Seoul Money Brokerage Services, Ltd. at the balance sheet date. The resulting exchange gains or losses are reflected in other operating income or expenses.

The exchange rates used to translate foreign currency denominated assets and liabilities at December 31, 2002 and 2001 are (Won)1,200.4 : US\$1 and (Won)1,326.1 : US\$1, respectively.

Loans -

Until November 30, 2002, the Bank regarded granting lines of credit under import usance letters of credit, as guarantees and acceptances outstanding (acceptances on letters of credit), and provided allowances only for the transactions classified as sub-standard or below according to the credit risk classifications. However, under the revised Enforcement Regulations on Supervision of Banking Business, effective on December 1, 2002, those transactions are regarded as loans in foreign currencies (domestic usance bills) and borrowings in foreign currencies and the Bank provided allowances for loan losses under the same criteria for regular loans. As a result, as of December 31, 2002, loans in foreign currencies and borrowings in foreign currencies have been increased by (Won)981,379 million, respectively and allowances for guarantees and acceptances outstanding have been decreased by (Won)11,568 million and allowances for loan losses have been increased by (Won)18,866 million.

Allowances for Loan Losses -

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

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

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

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****2. Summary of Significant Accounting Policies, Continued;**Allowances for Loan Losses, Continued;

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

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

As a result of the changed allowance rates, the Bank provided additional allowances of (Won)274,673 million for consumer loans and (Won)87,035 million for credit cards loans for the year ended December 31, 2002, resulting in a decrease of (Won)361,708 million decrease in net income before income tax expenses for the year ended December 31, 2002.

Present Value Discounts -

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

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The Bank recorded (Won)21,156 million and (Won)28,868 million of present value discounts as of December 31, 2002 and 2001, respectively, on long-term deposits placed with Hansol Mutual Savings & Finance Co., Ltd. (previously, Bukook Mutual Savings & Finance Co., Ltd.), a subsidiary of the Bank sold in December 1999 (See Note 3). The receivables from the disposal of foreclosed assets that are redeemed in long-term installments are recorded in the balance sheet net of the related present value discounts.

Securities -

Marketable securities held for short-term capital gain purposes, which exclude stocks issued by associates and debt securities held to maturity, are classified as trading securities. Securities that are not classified as trading securities are classified as investment securities.

Continued;

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****2. Summary of Significant Accounting Policies, Continued;**Securities, Continued;

Securities are recorded at cost, including incidental expenses, with cost being determined using the moving average or specific identification method. The subsequent valuation methods used for the securities are summarized as follows:

	Valuation	Recognition of Unrealized
	Method	Gains and Losses
Trading securities	Fair value	Net income
Investment securities		
Available-for-sale securities and marketable equity securities	Fair value	Capital adjustments
Held-to-maturity securities and non-marketable equity securities	Cost	N/A
Investment in associates	Equity	Net income, retained earnings, or capital adjustments per source of the gain or loss

If the fair value of the investment securities are significantly below the book value and the decrease in value is anticipated to be permanent, the Bank adjusts the investment securities to their fair value and recognizes impairment losses in non-operating expenses of the current period.

Fixed Assets and Related Depreciation -

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

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

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Tangible assets	Amortization Method	Estimated Useful Life
Buildings and structures	Straight-line method	40 years
Leasehold improvements	Declining balance method	4 years
Equipment and vehicles	Declining balance method	4 years

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

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

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.

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

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

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Stock Issuance Costs and Debenture Issuance Costs -

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

Accrued Retirement Benefits -

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

Guarantees and Acceptances -

By applying the credit risk classification used for loans to the guarantees and acceptances, the Bank records an allowance for losses on outstanding guarantees and acceptances according to their classification as sub-standard, doubtful, or estimated loss (allowance rates are at minimum 20%, 50% and 100%, respectively).

Deferred Income Taxes -

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

Bonds under Repurchase/Resale Agreements -

Securities bought under resale agreements are recorded in loans as bonds purchased under resale agreements. Securities sold under repurchase agreements are recorded in borrowings as bonds sold under repurchase agreements.

Derivatives Instruments -

The Bank records the rights and obligations arising from derivative contracts on the balance sheet as assets and liabilities based on the fair values of such rights and obligations. Resulting unrealized gains or losses are included in net income.

The Bank applies hedge accounting only to the derivative instruments whose hedging relationship is expected to be highly effective in offsetting changes in fair value attributable to the hedged risk during the period that the hedge is designated. At inception of the hedge, the bank has formal documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, including identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk will be assessed.

Stock Options -

The Bank had applied the fair value method using an option-pricing model in measuring compensation cost until the prior period. However, starting from the current period, expecting a high probability of grant and exercise as stock appreciation rights, the Bank changed the measurement method to the intrinsic value method. As a result, previous amounts recorded in capital adjustments (stock options) have been reclassified into accrued expenses (See Note 14).

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

National Housing Fund -

The Bank, as designated by the Korean Government under the Housing Construction Promotion Law, manages the sources and uses of funds of the National Housing Fund (the NHF) and records the related NHF account in other liabilities. In addition, the Bank pays interest, which is computed by multiplying the average balance of the NHF account by the passbook deposit interest rate, to the NHF.

Gains and Losses on Trust Management -

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

Under the Trust Business Act, reserves for future losses are set up in the trust accounts for losses related to those trust funds with a guarantee of the principal or of a certain minimum rate of return. The reserves are used to provide for the losses on such trust funds and, if the losses are incurred in excess of the reserves for future losses, the excess losses are compensated by the Bank. Accordingly, the banking accounts recognize the compensation paid as a loss on trust management in other operating expenses and the trust accounts recognize the corresponding compensation as compensation from banking accounts. There were no compensation paid for the year ended December 31, 2002 and the Bank recorded loss on trust management amounting to (Won)31,479 million for the year ended December 31, 2001.

Translation of the Foreign Currency Financial Statements of Foreign Entities -

Accounting records of the overseas branches are maintained in a foreign currency prevailing in their respective countries. For 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 balance sheet dates.

Statement of Cash Flows -

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

Application of the Statements of Korean Financial Accounting Standards -

The Korean Accounting Standards Board (KASB) has published a series of Statements of Korean Financial Accounting Standards (SKFAS), which will gradually replace the existing financial accounting standards established by the Korean Financial and Supervisory Board. SKFAS No. 2 through No. 9 become effective for the Bank as of January 1, 2003, and the Bank plans to adopt these SKFASs from January 1, 2003.

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****3. Cash and Due from Banks:**

Cash and due from banks as of December 31, 2002 and 2001 are summarized as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
<u>Cash on hand</u>		
Cash in Won	(Won) 2,392,346	(Won) 2,553,258
Cash in foreign currencies	186,780	147,313
	<u>2,579,126</u>	<u>2,700,571</u>
<u>Due from banks in Won</u>		
The Bank of Korea	Reserve deposits (Won) 1,340,482	(Won) 3,450,528
Banks	Time deposits 41,192	1,192
	Reserve deposits 392	174
		Certificates of deposits 198,822
		Current accounts and others 1,313
Other financial institutions	Cash management accounts	110,379
	Deposits at insurance companies	688,500
	Deposits at Mutual Savings & Finance Co., Ltd. 140,000	140,000
Others	Futures margin accounts 1,336	51,238
	Market participation margin 458	453
	Others 8,319	13,629
	<u>1,532,179</u>	<u>4,656,228</u>
	Present value discounts ^{1*} (21,156)	(28,868)
	<u>1,511,023</u>	<u>4,627,360</u>
<u>Due from banks in foreign currencies</u>		
The Bank of Korea	Demand deposits 25,677	33,795
Domestic banks	Demand deposits 11,341	12,447
Foreign banks	Time deposits 15,193	2,652
	Demand deposits 92,732	103,365
Off-shore	Demand deposits 359,200	
Others	Other deposits 5,064	23,434
	<u>509,207</u>	<u>175,693</u>

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(Won) 4,599,356 (Won) 7,503,624

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

Included in cash and due from banks as of December 31, 2002 and 2001 are the following restricted deposits (in millions of Won):

	<u>2002</u>	<u>2001</u>	<u>Restrictions</u>
Reserve deposits in the Bank of Korea and Korea Exchange Bank	(Won) 1,377,891	(Won) 3,488,985	General Banking Act
Deposits placed with Hansol Mutual Savings & Finance Co., Ltd.	140,000	140,000	Withdrawal at maturity
Deposits at insurance companies		678,500	Related to borrowings
Other deposits	2,040	51,691	Futures guarantee deposit
	<u>(Won) 1,519,931</u>	<u>(Won) 4,359,176</u>	

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****3. Cash and Due from Banks, Continued;**

The maturities of the due from banks as of December 31, 2002 are summarized as follows (in millions of Won):

	Due from Banks		Total
	in Won	in Foreign Currencies	
Due in 3 months or less	(Won) 1,390,987	(Won) 461,191	(Won) 1,852,178
Due after 3 months through 6 months		48,016	48,016
Due after 6 months through 1 year			
Due after 1 year through 2 years	50,000		50,000
Due after 2 years through 3 years	90,000		90,000
Due after 3 years through 4 years			
Due after 4 years through 5 years			
Thereafter	1,192		1,192
	<u>(Won) 1,532,179</u>	<u>(Won) 509,207</u>	<u>(Won) 2,041,386</u>

4. Trading Securities:

Trading securities as of December 31, 2002 and 2001 comprise the following (in millions of Won):

	Par Value	Balance Sheet Amount	
		Beginning Balance ^{1*}	Amortized Amount ^{2*}
		2002	2001
Trading securities in Won			
<u>Listed equity securities</u>	(Won)	(Won) 59,130	(Won) 59,130
		(Won) 55,674	(Won) 45,682
<u>Government and municipal bonds</u>			
Treasury bonds	555,000	566,026	565,100
		569,261	560,115

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Public housing bonds					19,447
Foreign exchange stabilization bonds	70,000	75,196	73,735	75,174	218,443
		<u>641,222</u>	<u>638,835</u>	<u>644,435</u>	<u>798,005</u>
Finance debentures					
Monetary stabilization bond	740,000	740,225	739,813	743,242	700,168
Other finance debentures	40,000	40,650	40,459	40,926	146,555
		<u>780,875</u>	<u>780,272</u>	<u>784,168</u>	<u>846,723</u>
Corporate bonds					
Government guaranteed bonds	190,000	195,818	195,166	195,740	423,207
Other corporate bonds	139,633	140,241	140,107	140,734	160,578
		<u>336,059</u>	<u>335,273</u>	<u>336,474</u>	<u>583,785</u>
Beneficiary certificates		<u>3,683,730</u>	<u>3,683,730</u>	<u>3,844,380</u>	<u>4,081,859</u>
Trading securities in foreign currencies	12,526	12,364	12,366	11,842	58,094
		<u>(Won) 5,513,380</u>	<u>(Won) 5,509,606</u>	<u>(Won) 5,676,973</u>	<u>(Won) 6,414,148</u>

1* Book value at December 31, 2001 or acquisition costs for the year ended December 31, 2002

2* Amount amortized using effective interest rate method

Trading debt securities in Won are recorded at fair value using the market yield of bonds provided by the Korea Securities Dealers Association. Trading debt securities in foreign currencies are recorded at fair value using the market yield of bonds provided by bond dealers.

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****4. Trading Securities, Continued;**

Trading securities risk concentrations as of December 31, 2002 are as follows (in millions of Won):

	Securities in Won		Securities in Foreign Currencies	
	Amount	Ratio (%)	Amount	Ratio (%)
By Country				
Korea	(Won) 5,665,131	100.00	(Won) 11,842	100.00
	(Won) 5,665,131	100.00	(Won) 11,842	100.00
By Type				
Fixed rate bond	(Won) 1,600,744	28.26	(Won)	
Floating rate bond	164,333	2.90	11,842	100.00
Equity securities	55,674	0.98		
Beneficiary certificates	3,844,380	67.86		
	(Won) 5,665,131	100.00	(Won) 11,842	100.00
By Industry				
Government and municipalities	(Won) 644,435	11.38	(Won)	
Government agencies	195,740	3.46		
Financial institutions	4,660,355	82.26		
Others	164,601	2.90	11,842	100.00
	(Won) 5,665,131	100.00	(Won) 11,842	100.00

The maturities of the trading securities except equity securities as of December 31, 2002 are summarized as follows (in millions of Won):

Government and Municipal Bonds	Finance Debentures	Corporate Bonds	Beneficiary Certificates	Trading Securities in Foreign Currencies	Total

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Due in 3 months or less	(Won)	(Won)	(Won)	(Won) 3,844,380	(Won)	(Won) 3,844,380
Due after 3 months through 6 months		10,059				10,059
Due after 6 months through 9 months		9,523				9,523
Due after 9 months through 1 year		28,540				28,540
Due after 1 year through 2 years	46,797	705,371	140,688			892,856
Due after 2 years through 3 years	472,490	30,675	52,065		11,842	567,072
Due after 3 years through 4 years	83,179		112,976			196,155
Due after 4 years through 5 years	41,969					41,969
Thereafter			30,745			30,745
	<u>(Won) 644,435</u>	<u>(Won) 784,168</u>	<u>(Won) 336,474</u>	<u>(Won) 3,844,380</u>	<u>(Won) 11,842</u>	<u>(Won) 5,621,299</u>

As of December 31, 2002, the beneficiary certificates in trading securities include discretionary investing contract assets. Securities included in discretionary investing contract assets consist of Samsung Electronics Co., Ltd. stock and other 27 listed or registered stocks. Acquisition costs and fair values of these assets amount to (Won)8,358 million and (Won)7,260 million, respectively. The Bank recorded the difference between acquisition costs and fair values of (Won)1,098 million as unrealized loss on trading securities.

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities:**

Investment securities as of December 31, 2002 and 2001 are as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
<u>Equity securities</u>		
Marketable equity securities	(Won) 262,105	(Won) 342,550
Non-marketable equity securities	357,381	379,534
Domestic related parties	986,522	1,386,683
	<u>1,606,008</u>	<u>2,108,767</u>
<u>Investment in special funds</u>		
Stock market stabilization fund	12,947	23,178
Investment union fund	23,205	21,509
	<u>36,152</u>	<u>44,687</u>
<u>Government and municipal bonds</u>		
Treasury bonds	2,827,305	2,413,770
Public housing bonds	311,228	374,097
Grain supply bonds	3,620	96,883
Foreign exchange stabilization bonds	1,430,494	745,010
Municipal bonds	35,239	164,486
	<u>4,607,886</u>	<u>3,794,246</u>
<u>Finance debentures</u>		
Monetary stabilization bond	2,526,027	2,439,757
Other finance debentures	647,886	877,199
	<u>3,173,913</u>	<u>3,316,956</u>
<u>Corporate bonds</u>		
Government guaranteed bonds	8,292,977	7,866,196
Other corporate bonds	3,060,454	5,217,568
	<u>11,353,431</u>	<u>13,083,764</u>
<u>Beneficiary certificates</u>	3,231,853	3,218,834

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<u>Securities lent</u>	47,835	198,934
<u>Other investment securities^{1*}</u>	1,914	2,840
<u>Securities denominated in foreign currencies</u>		
Overseas related parties	116,640	120,921
Equity securities	26,628	27,620
Debt securities	1,061,517	1,085,637
	1,204,785	1,234,178
	(Won) 25,263,777	(Won) 27,003,206

1* Other investment securities include commercial papers and national stock trusts.

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

At December 31, 2002, the amortized amount and balance sheet amount of the Bank's investment debt securities are as follows (in millions of Won):

	<u>Par Value</u>	<u>Beginning Balance^{1*}</u>	<u>Amortized Amount</u>	<u>Balance Sheet Amount</u>
<u>Available-for-sale</u>				
Government and municipal bonds	(Won) 2,174,329	(Won) 2,215,693	(Won) 2,185,951	(Won) 2,226,514
Finance debentures	2,308,398	2,257,078	2,249,679	2,267,156
Corporate bonds	3,834,894	3,753,493	3,639,398	3,695,983
Securities denominated in foreign currencies	1,163,254	1,023,752	998,674	1,022,014
	<u>9,480,875</u>	<u>9,250,016</u>	<u>9,073,702</u>	<u>9,211,667</u>
<u>Held-to-maturity</u>				
Government and municipal bonds	2,371,065	2,384,910	2,381,372	2,381,372
Finance debentures	933,700	906,662	906,757	906,757
Corporate bonds	7,607,584	7,745,386	7,657,448	7,657,448
Securities denominated in foreign currencies	40,200	39,244	39,503	39,503
	<u>10,952,549</u>	<u>11,076,202</u>	<u>10,985,080</u>	<u>10,985,080</u>
	<u>(Won) 20,433,424</u>	<u>(Won) 20,326,218</u>	<u>(Won) 20,058,782</u>	<u>(Won) 20,196,747</u>

1* Book value at December 31, 2001 or acquisition costs for the year ended December 31, 2002.

Available-for-sale debt securities in Won are recorded at fair value using the market yield of bonds provided by the Korea Securities Dealers Association. Available-for-sale debt securities in foreign currencies are recorded at fair value using the market yield of bonds provided by bond dealers.

Government and municipal bonds sold under repurchase agreements of (Won)3,074,161 million and (Won)2,959,897 million as of December 31, 2002 and 2001, respectively, are included in the investment securities (See Note 11).

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Equity securities in related parties as of December 31, 2002 and 2001 are as follows (in millions of Won):

Issuer	Ownership (%)	Acquisition Cost	Beginning Balance ^{11*}	Unrealized Gains (Losses) ^{12*}			Balance Sheet Amount ^{13*}	
				NI	R/E	C/A	2002	2001
<u>Domestic related parties</u>								
Kookmin Credit Card Co., Ltd.	74.27	(Won) 272,274	(Won) 873,991	(Won) (193,759)	(Won) 585	(Won) 1,143	(Won) 681,960	(Won) 941,948
Kookmin Venture Capital Co., Ltd. ^{1*}	99.89	137,378	179,694	(119,050)	10,155	(3,510)	67,289	70,406
Kookmin Investment Trust Mgt. Co., Ltd. ^{2*}								33,618
Kookmin Data System Co., Ltd.	99.98	7,998	12,408	2,008			14,416	12,929
Kookmin Futures Co., Ltd.	99.98	19,996	22,515	2,580	(49)	46	25,092	23,814
KLB Securities Co., Ltd. ^{3*}	36.41	10,316						
Alpha Capital Corp. ^{4*}	14.97	3,919						51,291
KB Investment Trust Mgt. Co., Ltd. ^{5*}	80.00	39,015	32,685	13,148		35	45,868	41,886
Joeeun Industrial Co., Ltd. ^{6*}	99.99	23,994	8,465	(8,465)				8,465
KB Real Estate Trust Co., Ltd. ^{7*}	99.99	76,103	78,537	8,854		336	87,727	78,537
KB Credit Information Co., Ltd. ^{8*}	62.57	7,936	8,083	1,660		(752)	8,991	5,247
Kookmin Leasing Co., Ltd. ^{9*}								.

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

Issuer	Ownership (%)	Acquisition Cost	Beginning Balance ^{11*}	Unrealized Gains (Losses) ^{12*}			Balance Sheet Amount ^{13*}	
				NI	R/E	C/A	(%)	Cost
<u>Domestic related parties, Continued</u>								
ING Life Korea Co., Ltd. ^{10*}	20.00	(Won) 21,769	(Won) 24,892	(Won) (3,279)	(Won)	(Won)	(Won) 21,613	(Won) 24,891
Korea Mortgage Co., Ltd.	26.67	30,629	32,487	1,079			33,566	32,487
Kookmin Investment Co., Ltd. ^{1*}		44,275	48,425					48,425
Frontier Investment Corp. ^{1*}		17,934	12,109					12,109
		<u>713,536</u>	<u>1,334,291</u>	<u>(295,224)</u>	<u>10,691</u>	<u>(2,702)</u>	<u>986,522</u>	<u>1,386,683</u>
<u>Overseas related parties</u>								
KB International Ltd. (London)	100.00	38,500	46,997	742			47,739	46,950
KB Luxembourg S.A. ^{10*}	100.00	22,004		9,308	(4,202)		5,106	
Kookmin Singapore Ltd. ^{3*}	100.00	12,123	2,084				2,084	2,303
Kookmin Finance Asia Ltd. (H.K)	100.00	8,403	1,023	(744)			279	17,205
Kookmin Finance H.K. Ltd.	100.00	24,008	49,300	12,132			61,432	54,463
		<u>105,038</u>	<u>99,404</u>	<u>21,438</u>	<u>(4,202)</u>		<u>116,640</u>	<u>120,921</u>
<u>Investment in special funds</u>								
KICO NO.3.								
Venture Investment Partnership	69.23	9,000	9,000	53		531	9,584	9,000
Pacific IT Investment Partnership	50.00	7,000	7,000				7,000	7,000

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NPC02-4 Kookmin Venture Fund	33.33	5,000	5,000	113			5,113	5,000
		21,000	21,000	166		531	21,697	21,000
		(Won) 839,574	(Won) 1,454,695	(Won) (273,620)	(Won) 6,489	(Won) (2,171)	(Won) 1,214,859	(Won) 1,528,604

- 1* Kookmin Venture Capital Co., Ltd. merged with Frontier Investment Corp. and Kookmin Investment Co., Ltd., on December 31, 2001 and June 27, 2002, respectively.
- 2* The Bank completed the sale of Kookmin Investment Trust Management Co., Ltd., on May 29, 2002 (See Note 18).
- 3* KLB Securities Co., Ltd. and Kookmin Singapore (Merchant Bank), Ltd. are in the process of liquidation.
- 4* The Bank sold part of its investment in Jooeun Leasing Co., Ltd. (See Note 18), resulting in the decrease of its ownership to 14.97% and reclassifications from investment in associates into unlisted stocks. The company changed its name from Jooeun Leasing Co., Ltd. to Alpha Capital Corp. in the general meeting of stockholders, held on October 30, 2002.
- 5* The company changed its name from Jooeun Investment Management Co., Ltd. to KB Investment Trust Management Co., Ltd., effective as of June 10, 2002.
- 6* Dissolution of Jooeun Industrial Co., Ltd. was resolved in the general meeting of its stockholders on March 19, 2002.
- 7* Jooeun Real Estate Trust Co., Ltd. changed its name to KB Real Estate Trust Co., Ltd., effective as of September 16, 2002.
- 8* Jooeun Credit Information Co., Ltd. merged with KM Credit Information Co., Ltd., effective as of May 2, 2002 and changed its name to KB Credit Information Co., Ltd.
- 9* The Bank sold Kookmin Leasing Co., Ltd. to Sun Capital Inc. on December 27, 2002 (See Note 18).
- 10* The Bank applied the equity method based on the amended financial statements of ING Life Korea Co., Ltd. for (Won)16,117 million of income taxes, and of Kookmin Bank Luxembourg S.A. for (Won)22,225 million of impairment losses on investment securities and allowances for loan losses.
- 11* The beginning balance is adjusted by dividends and changes in foreign exchange rate from the prior year's book value.
- 12* NI : Net Income, R/E : Retained Earnings, C/A : Capital Adjustments
- 13* The balance sheet amount is recorded using the monthly closing information of related parties as of December 31, 2002 if possible, otherwise the most recent financial information is used.

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

Equity securities, excluding equity securities in related parties, as of December 31, 2002 are as follows (in millions of Won):

Issuer	Ownership (%)	Acquisition Cost	Fair Value or Net Asset Value ^{1*}	Balance Sheet Amount
Marketable equity securities (KSE)				
Hyundai Construction Co., Ltd.	6.14	(Won) 140,125	(Won) 48,197	(Won) 48,197
KP Chemical Co., Ltd.	7.89	36,650	22,818	22,818
Kia Motors Corp.	0.65	26,281	21,267	21,267
SK Securities Co., Ltd.	5.58	26,878	21,259	21,259
Hankang Restructuring Fund	6.25	21,444	16,632	16,632
INI Steel Co., Ltd.	2.14	9,564	14,469	14,469
Daewoo Securities Co., Ltd.	1.60	53,627	13,741	13,741
Ssangyong Motor Company	2.09	27,655	12,653	12,653
Saehan Industries Inc.	5.67	11,968	11,333	11,333
Samsung Electronics Co., Ltd.	0.02	5,205	9,420	9,420
KT	0.05	8,497	7,978	7,978
Korea Zinc Co., Ltd.	1.91	9,008	6,485	6,485
Daewoo Engineering & Construction Co., Ltd.	1.35	5,077	5,843	5,843
Korea Electric Power Corporation	0.05	6,120	5,475	5,475
Daewoo Heavy Industries & Machinery Ltd.	1.11	3,164	5,243	5,243
ByuckSan Engineering & Construction Co., Ltd.	5.25	6,610	4,631	4,631
Shinwon Corp.	8.38	9,873	4,366	4,366
Others		22,779	21,457	21,457
		<u>430,525</u>	<u>253,267</u>	<u>253,267</u>
Marketable equity securities (KOSDAQ)				
C&H Capital Co., Ltd.	9.75	8,135	3,867	3,867
KED Media Co., Ltd.	2.80	500	939	939
Tae Young Telstar Co., Ltd.	3.33	1,000	760	760
Han Kook Capital Co., Ltd.	1.71	1,203	757	757
Miju Steel Co., Ltd.	4.30	1,348	540	540
Ssangyong Engineering & Construction Co., Ltd.	1.07	952	444	444
KTF	0.01	436	360	360
Shinwon Construction Co., Ltd.	2.02	1,622	322	322
Systems Technology Inc.	3.03	250	300	300
Others		7,652	549	549

	<u>23,098</u>	<u>8,838</u>	<u>8,838</u>
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Continued;

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

Issuer	Ownership (%)	Acquisition Cost	Fair Value or Net Asset Value ^{1*}	Balance Sheet Amount
Non-marketable equity securities				
Mutual Fund ^{2*}	11.87	(Won) 103,353	(Won) 92,239	(Won) 92,239
Korea Housing Guarantee Co., Ltd.	11.79	53,329	76,543	68,648
KT Icom Co., Ltd.	2.08	37,465	37,840	37,465
Dongbu Electronics Co., Ltd.	6.61	30,000	20,702	30,000
Hyundai Petrochemical Co., Ltd.	9.31	20,173	73,184	20,173
Daewoo Electronics Co., Ltd.	1.85	9,862	384	9,862
The Korea Securities Finance Corp.	2.40	8,160	10,371	8,160
Korea Asset Management Corp.	5.38	7,827	16,563	7,827
Samsung Life Insurance Co., Ltd.	0.11	7,479	5,988	7,479
Korea Highway Corp.	0.12	6,248	14,716	6,248
BC Card Co., Ltd.	4.95	5,738	8,040	5,738
Mirae Asset Securities Co., Ltd.	4.43	5,000	7,679	5,000
Hanwha Investment Trust Management Co., Ltd.	11.00	3,487	4,162	3,487
Korea Vilene Co., Ltd.	10.00	3,000	3,455	3,000
Alpha Capital Corp.	14.97	3,919	2,838	2,838
Hyundai Home Shopping Network Corp.	5.96	2,680	1,674	2,680
National Information & Credit Evaluation Inc.	7.85	2,668	3,682	2,668
Korea Aerospace Industries, Ltd.	0.46	2,179	1,355	2,179
Korea Digital Satellite Broadcasting Co., Ltd.	0.65	2,174	1,643	2,174
Kyobo Investment Trust Management Co., Ltd.	7.00	2,100	3,179	2,100
Others		64,190	35,762	37,416
		381,031	421,999	357,381
Equity securities denominated in foreign currencies				
Asia Credit Services (PTE) Ltd.	6.67	12,004	9,892	9,892
Nanjing Kumho Tire Co., Ltd.	6.00	2,553	2,006	2,553
Investment Development Leasing Co.	10.00	1,539	2,089	2,089
Pan Asia Paper (Thailand) Co., Ltd.	2.94	3,257	2,047	2,047
Sahaviriya Steel Industry	1.09	900	2,016	2,016
Baring Communications Equity	6.73	4,921	1,947	1,947
China Enterprise Development Fund	2.63	1,224	1,224	1,224
Asia Finance and Investment Corp.	2.17	3,001	1,179	1,179
Tianjin Samsung Opto- Electronics.	10.00	1,173	1,381	1,173
Chase Securities Int 1 (LONDON) and others		2,508	5,631	2,508
		33,080	29,412	26,628

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<u>(Won) 867,734</u>	<u>(Won) 713,516</u>	<u>(Won) 646,114</u>
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1* Net asset value is calculated using the monthly closing information of investees as of December 31, 2002 if possible, otherwise the most recent financial information is used.

2* Investments in mutual funds are calculated using the net asset value per share provided by restructuring funds which consist of Seoul Debt-Restructuring Fund, Arirang Restructuring Fund, and Mukungwha Restructuring Fund formed to support corporate restructuring.

Continued;

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

Unrealized gains and losses on investment securities included in net income for the year ended December 31, 2002 are summarized as follows (in millions of Won):

	Beginning Balance	Fair Value / Net Asset Value	Unrealized Gains (Losses)
	<u> </u>	<u> </u>	<u> </u>
<u>Investment in special funds</u>			
Stock market stabilization fund	(Won) 10,577	(Won) 12,947	(Won) 2,370
<u>Beneficiary certificates</u>			
Special fund for corporate bonds	976	628	(348)
	<u>(Won) 11,553</u>	<u>(Won) 13,575</u>	<u>(Won) 2,022</u>

Most of the operating assets in the funds are composed of short-term financial assets and related gains and losses are recognized in the current year as unrealized gains and losses on investment in special funds.

Impairment losses on investment securities for the year ended December 31, 2002 are as follows (in millions of Won):

Issuer	Acquisition Cost	Impairment Loss	Book Value
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Equity Securities</u>			
<u>Marketable equity securities (KSE)</u>			
Hyundai Construction Co., Ltd.	(Won) 140,125	(Won) 91,928	(Won) 48,197
KP Chemical Co., Ltd.	36,650	13,832	22,818
Daewoo Securities Co., Ltd.	53,627	39,886	13,741
Ssangyong Motor Company	27,655	15,002	12,653
Woo Bang Housing & Construction Co., Ltd.	6,122	2,524	3,598
Shinwon Corp.	9,873	5,507	4,366
Hanmi Capital Co., Ltd.	2,335	994	1,341
Saehan Industries Inc.	11,968	635	11,333
Kunyoung Co., Ltd.	762	598	164
Hyundai Metal Co., Ltd. (common stock)	575	399	176

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Hyundai Metal Co., Ltd. (preferred stock)	266	206	60
Jindo Corporation	207	191	16
Maxon Telecom. Co., Ltd. (preferred stock)	830	97	733
Others	285	104	181
	291,280	171,903	119,377
Marketable equity securities (KOSDAQ)			
C&H Capital	8,135	4,268	3,867
Hansol Mutual Savings Bank	1,685	1,580	105
Eyesvision Corp.	1,491	1,425	66
Prochips Technology Inc.	1,323	1,189	134
Shinwon Construction Co., Ltd.	1,622	1,300	322
Miju Steel Mfg.	1,348	808	540
Growell Telecom	1,000	868	132
NetSecure Technology Inc.	954	841	113
Han Kook Capital Co., Ltd.	1,203	446	757
Ssangyong Engineering & Construction Co., Ltd.	952	508	444
Seohan Engineering & Construction Co., Ltd.	1,201	1,201	
	20,914	14,434	6,480

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

Issuer	Acquisition Cost	Impairment Loss	Book Value
Non-marketable equity securities			
Daewoo Electronics Co., Ltd.	(Won) 23,800	(Won) 23,800	(Won)
Chonggu Co., Ltd.	904	904	
Kohap Corp.	860	860	
Daewoo Telecom Co., Ltd.	417	417	
Alpha Capital Corp.	3,919	1,081	2,838
Orion Electric Co., Ltd.	614	614	
Seohan Engineering & Construction Co., Ltd. (preferred stock)	178	178	
	30,692	27,854	2,838
Equity securities denominated in foreign currencies			
Baring Communications Equity	4,921	2,974	1,947
Asia Credit Services (PTE) Ltd.	12,004	2,112	9,892
Asia Finance and Investment Corp.	3,001	1,822	1,179
Pan Asia Paper (Thailand) Co., Ltd.	3,257	1,210	2,047
	23,183	8,118	15,065
	366,069	222,309	143,760
Debt Securities			
Corporate bonds			
Hyundai Engineering & Construction Co. Ltd.	69,400	40,811	28,589
Kookmin-2 nd ABS Specialty Co., Ltd.	10,000	209	9,791
Kookmin-4 th ABS Specialty Co., Ltd.	6,500	480	6,020
Kookmin-5 th ABS Specialty Co., Ltd.	4,000	1,166	2,834
H&CB 200105 ABS Specialty Co., Ltd.	23,500	7,459	16,041
	113,400	50,125	63,275
Debt securities denominated in foreign currencies			
Daehan Global	43,296	14,726	28,570
Essar Gujarat LTD	1,801	1,321	480
SMM Finance	1,500	1,170	330
PT Argo Pantes	1,500	780	720
Amsteel corp.	900	666	234

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PT Bakrie Invest.	721	663	58
Berjaya Group capital	1,991	530	1,461
Tuntex	899	269	630
PT Fiskaragung	180	180	
PT Pelabuan	14,028	5,025	9,003
PT Bank Indonesia Raya	1,501	1,471	30
Kohap Global	360	360	
PT Dhamala	300	270	30
Berjaya Group capital	852	226	626
	<u>69,829</u>	<u>27,657</u>	<u>42,172</u>
	<u>183,229</u>	<u>77,782</u>	<u>105,447</u>
	<u>(Won) 549,298</u>	<u>(Won) 300,091</u>	<u>(Won) 249,207</u>

For the year ended December 31, 2002, the recovery of impairment losses on investment equity securities amounts to (Won)15,318 million related to the investments in Korea Housing Guarantee Co., Ltd. and the recovery of impairment losses on investment debt securities amounts to (Won)6,800 million and (Won)5,580 million related to the investments in Kookmin [₩] ABS Specialty Co., Ltd. and Kookmin [₩] ABS Specialty Co., Ltd., respectively.

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

Investment securities risk concentrations as of December 31, 2002 are as follows (in millions of Won):

	Securities in Won ^{1*}		Securities in Foreign Currencies	
	Amount	Ratio (%)	Amount	Ratio (%)
By Country				
Korea	(Won) 24,011,157	100.00	(Won) 948,035	78.69
USA			66,826	5.55
Philippines			63,323	5.26
Germany			30,010	2.49
Mexico			20,007	1.66
India			18,393	1.53
Indonesia			16,911	1.40
Hong Kong			11,994	1.00
Singapore			9,892	0.82
Thailand			8,944	0.74
Others			10,450	0.86
	(Won) 24,011,157	100.00	(Won) 1,204,785	100.00
By Type				
Fixed rate bonds	(Won) 13,845,146	57.66	(Won) 366,754	30.44
Floating rate bonds	4,837,248	20.15	430,055	35.70
Subordinated bonds	422,708	1.76	152,019	12.62
Convertible bonds	30,128	0.13	112,689	9.35
Equity securities	1,606,008	6.69	143,268	11.89
Others	3,269,919	13.61		
	(Won) 24,011,157	100.00	(Won) 1,204,785	100.00
By Industry				
Government and municipalities	(Won) 4,596,855	19.14	(Won) 5,064	0.42
Government agencies	8,186,233	34.09	139,019	11.54
Financial institutions	8,226,736	34.26	578,608	48.03
Others	3,001,333	12.51	482,094	40.01
	(Won) 24,011,157	100.00	(Won) 1,204,785	100.00

1* Securities lent are not included.

The maturities of the investment securities, excluding investment equity securities, investment in special funds, and securities lent, as of December 31, 2002 are summarized as follows (in millions of Won):

	Government and Municipal Bonds	Finance Debentures	Corporate Bonds	Beneficiary Certificates	Others	Securities in Foreign Currencies	Total
Due in 3 months or less	(Won) 58,350	(Won) 569,808	(Won) 749,432	(Won) 2,370,296	(Won) 1,914	(Won) 86,860	(Won) 3,836,660
Due after 3 months through 6 months	18,230	880,899	567,726	476,833		98,285	2,041,973
Due after 6 months through 9 months	354,832	91,713	4,282,186	182,908		39,347	4,950,986
Due after 9 months through 1 year	102,189	443,170	567,668	201,816		30,293	1,345,136
Due after 1 year through 2 years	938,035	1,048,512	2,505,754			144,074	4,636,375
Due after 2 years through 3 years	1,422,801	109,811	1,469,141			253,965	3,255,718
Due after 3 years through 4 years	361,502	30,000	676,795			127,848	1,196,145
Due after 4 years through 5 years	1,097,076		217,206			156,604	1,470,886
Thereafter	254,871		317,523			124,241	696,635
	(Won) 4,607,886	(Won) 3,173,913	(Won) 11,353,431	(Won) 3,231,853	(Won) 1,914	(Won) 1,061,517	(Won) 23,430,514

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****5. Investment Securities, Continued;**

Currency concentrations of securities denominated in foreign currencies as of December 31, 2002 are as follows (in millions of Won):

	Trading Securities		Investment Securities	
	Amount	Ratio (%)	Amount	Ratio (%)
USD	(Won) 11,842	100.00	(Won) 1,095,652	90.94
GBP			47,739	3.96
JPY			44,840	3.72
DEM			5,667	0.47
EUR			5,106	0.42
THB			2,741	0.23
BDT			2,089	0.17
PHP			451	0.04
CHF			367	0.04
IDR			133	0.01
	(Won) 11,842	100.00	(Won) 1,204,785	100.00

Securities lent as of December 31, 2002 are as follows (in millions of Won):

Company	Security	Amount
LG Engineering & Construction Co., Ltd.	Government and municipal bonds	(Won)47,835

Trading and investment securities of (Won)7,830,956 million (par value) can be discounted at the Bank of Korea as of December 31, 2002.

As of December 31, 2002, the following investment securities are pledged at various institutions (in millions of Won):

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Related Liability		Securities Provided	
Transaction	Amount	Book Value	Pledge Value
Bonds sold under repurchase agreements	(Won) 3,074,161	(Won) 3,907,187	(Won) 3,855,399
Borrowings from the Bank of Korea	671,854	2,141,059	2,119,350
Derivatives transactions	Borrowing within credit line	105,407	110,033
BOK settlements	Borrowing within credit line	507,753	504,300
Sale of non-performing loans	Borrowing within credit line	168,100	166,671
Borrowings denominated in foreign currencies	1,670	1,895	1,900
		(Won) 6,831,401	(Won) 6,757,653

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****6. Loans:**

Loans as of December 31, 2002 and 2001 are summarized as follows (in millions of Won):

Account	Detailed Account	2002	2001
Loans in Won			
Corporate loans	<u>Operation loans</u>		
	General operation loans	(Won) 28,904,621	(Won) 22,974,003
	Notes discounted	1,851,133	2,235,289
	Overdraft accounts	568,702	584,909
	Trading notes	814,759	736,886
	Other operation loans	3,229,851	2,755,620
		35,369,066	29,286,707
	<u>Facility loans</u>		
	General facility loans	4,676,506	3,117,383
	Other facility loans	1,287,125	1,317,064
		5,963,631	4,434,447
		41,332,697	33,721,154
Consumer loans	General consumer loans	39,713,543	34,367,459
	Consumer housing loans	33,731,435	25,342,969
	Remunerations on mutual installment savings	131,768	57,099
	Other consumer loans	632,172	224,360
		74,208,918	59,991,887
Public loans	Public operation loans	738,632	730,598
	Public facility loans	39,414	57,211
		778,046	787,809
Other loans	Property formation loans	95,252	154,069
	Inter-bank loans	20,941	36,110
	Others	36,251	7,740

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		152,444	197,919
		116,472,105	94,698,769
<u>Loans in foreign currencies</u>	Domestic funding loans	1,052,800	1,558,146
	Overseas funding loans	933,010	1,159,421
	Inter-bank loans	1,094,119	1,163,547
	Domestic usance bills	1,334,006	286,155
	Government funding loans	3,241	6,968
		4,417,176	4,174,237
<u>Bills bought in Won</u>		37,415	50,893
<u>Bills bought in foreign currencies</u>		756,300	1,006,095
<u>Payments on guarantees</u>		52,430	199,831
<u>Credit card accounts</u>		5,748,806	4,706,223
<u>Bonds purchased under resale agreements (RP)</u>			640,000

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****6. Loans, Continued;**

<u>Account</u>	<u>Detailed Account</u>	<u>2002</u>	<u>2001</u>
<u>Call loans</u>	Call loans in Won	(Won) 33,600	(Won) 1,293,900
	Call loans in foreign currencies	248,857	261,113
	Inter-bank reconciliation funds	89,287	124,615
		<u>371,744</u>	<u>1,679,628</u>
<u>Privately placed debentures</u>		<u>1,276,080</u>	<u>1,991,735</u>
<u>Loans due for equity conversion</u>		<u>7,643</u>	<u>212,831</u>
		<u>129,139,699</u>	<u>109,360,242</u>
<u>Allowances for loan losses (Note 7)</u>		<u>(2,378,696)</u>	<u>(2,271,179)</u>
<u>Present value discounts</u>		<u>(30,442)</u>	<u>(59,104)</u>
		<u>(Won) 126,730,561</u>	<u>(Won) 107,029,959</u>

As of December 31, 2002, restructured loans due to workout plans or other similar restructuring programs are as follows (in millions of Won):

	<u>Settlements by Issuance or Grants of</u>						
	<u>Balances before Restructuring</u>	<u>Exemption</u>	<u>Loans due for Equity Conversion</u>	<u>Equity Securities</u>	<u>Convertible Bonds</u>	<u>Balances after Restructuring</u>	<u>Present Value Discounts</u>
Workout	(Won) 285,613	(Won) 2,891	(Won)	(Won) 132,601	(Won) 17,287	(Won) 132,834	(Won) 6,116
Court receivership	117,385		3,932	96,228		17,225	2,811
Court mediation	101,325					101,325	1,181
Others	201,985		3,711			198,274	20,334
	<u>(Won) 706,308</u>	<u>(Won) 2,891</u>	<u>(Won) 7,643</u>	<u>(Won) 228,829</u>	<u>(Won) 17,287</u>	<u>(Won) 449,658</u>	<u>(Won) 30,442</u>

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

The maturities of loans as of December 31, 2002 are as follows (in millions of Won):

	<u>Loans in Won</u>	<u>Loans in Foreign Currencies</u>	<u>Bills Bought^{1*}</u>	<u>Credit Card</u>	<u>Call Loans</u>	<u>Privately Placed Debentures</u>	<u>Others</u>	<u>Total</u>
Due in 3 months or less	(Won) 14,800,984	(Won) 2,265,001	(Won) 657,033	(Won) 2,641,378	(Won) 371,744	(Won) 80,123	(Won) 54,138	(Won) 20,870,401
Due after 3 months through 6 months	13,914,175	289,824	111,137	2,582,159		90,047	3,711	16,991,053
Due after 6 months through 1 year	24,263,747	326,914	8,123	472,636		286,255		25,357,675
Due after 1 year through 2 years	19,227,010	371,445	7,160	24,089		335,133		19,964,837
Due after 2 years through 3 years	26,672,996	272,825	7,160	13,828		419,494		27,386,303
Due after 3 years through 4 years	2,438,447	153,194	3,102	9,767		59,889		2,664,399
Due after 4 years through 5 years	3,058,132	140,286		4,949		5,012		3,208,379
Thereafter	12,096,614	597,687				127	2,224	12,696,652
	<u>(Won) 116,472,105</u>	<u>(Won) 4,417,176</u>	<u>(Won) 793,715</u>	<u>(Won) 5,748,806</u>	<u>(Won) 371,744</u>	<u>(Won) 1,276,080</u>	<u>(Won) 60,073</u>	<u>(Won) 129,139,699</u>

1* Bills bought in Won and Bills bought in foreign currencies

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****6. Loans, Continued;**

Loan risk concentrations as of December 31, 2002 are as follows (in millions of Won):

	Loans in				Percentage (%)
	Loans in Won	Foreign Currencies	Others	Total	
<u>By Country</u>					
Korea	(Won) 116,472,105	(Won) 3,873,416	(Won) 8,001,643	(Won) 128,347,164	99.39
Southeast Asia		60,297	96,682	156,979	0.12
Russia		118,840		118,840	0.09
China		5,051		5,051	0.01
Japan		245,078		245,078	0.19
USA/ Latin America		37,480	7,443	44,923	0.03
Others		77,014	144,650	221,664	0.17
	<u>(Won) 116,472,105</u>	<u>(Won) 4,417,176</u>	<u>(Won) 8,250,418</u>	<u>(Won) 129,139,699</u>	<u>100.00</u>
<u>By Customer and Industry</u>					
Industrial loans					
Financial institutions	(Won) 748,688	(Won) 1,187,649	(Won) 432,427	(Won) 2,368,764	1.83
Manufacturing companies	14,360,918	1,582,066	1,203,516	17,146,500	13.28
Service companies	3,599,523	881,345	91,945	4,572,813	3.54
Others	22,675,311	696,728	773,723	24,145,762	18.70
	<u>41,384,440</u>	<u>4,347,788</u>	<u>2,501,611</u>	<u>48,233,839</u>	<u>37.35</u>
Household loans					
	74,309,619	59,642	5,748,807	80,118,068	62.04
Public and other loans					
	778,046	9,746		787,792	0.61
	<u>(Won) 116,472,105</u>	<u>(Won) 4,417,176</u>	<u>(Won) 8,250,418</u>	<u>(Won) 129,139,699</u>	<u>100.00</u>

7. Allowances for Loan Losses:

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As of December 31, 2002 and 2001, allowances for loan losses are as follows (in millions of Won):

Allowance for	2002	2001
Loans in Won	(Won) 1,905,208	(Won) 1,509,863
Loans in foreign currencies	103,838	225,172
Bills bought in Won and foreign currencies	20,213	97,269
Payments on guarantees	18,382	91,836
Credit card accounts	284,491	148,349
Privately placed debentures	28,210	97,394
Loans due for equity conversion	5,373	65,918
Suspense receivables	11,022	8,224
Others	1,959	27,154
	<u>(Won) 2,378,696</u>	<u>(Won) 2,271,179</u>

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****7. Allowances for Loan Losses, Continued;**

As of December 31, 2002, allowances for loan losses and credit risk classifications are as follows (in millions of Won):

		Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total
Loans in Won	Loan balance	(Won) 108,193,204	(Won) 5,242,139	(Won) 2,260,061	(Won) 513,701	(Won) 236,646	(Won) 116,445,751
	Allowances	720,363	210,049	460,035	278,115	236,646	1,905,208
	Percentage(%)	0.67	4.01	20.35	54.14	100.00	1.64
Loans in foreign currencies	Loan balance	3,993,389	233,441	145,797	33,348	7,180	4,413,155
	Allowances	14,496	14,005	46,701	21,456	7,180	103,838
	Percentage(%)	0.36	6.00	32.03	64.34	100.00	2.35
Bills bought ^{1*}	Loan balance	673,588	101,725	2,263	5,956	10,183	793,715
	Allowances	3,368	2,035	453	4,174	10,183	20,213
	Percentage(%)	0.50	2.00	20.02	70.08	100.00	2.55
Payments on guarantees	Loan balance	11,306	4,695	19,784	5,521	11,124	52,430
	Allowances	57	482	3,957	2,762	11,124	18,382
	Percentage(%)	0.50	10.27	20.00	50.03	100.00	35.06
Credit card accounts	Loan balance	5,095,728	360,890	113	254,677	37,398	5,748,806
	Allowances	50,957	43,307	23	152,806	37,398	284,491
	Percentage(%)	1.00	12.00	20.35	60.00	100.00	4.95
Call loans	Loan balance	371,744					371,744
	Allowances						
	Percentage(%)						
Privately placed debentures	Loan balance	1,174,838	32,937	57,779	9,584	875	1,276,013
	Allowances	5,874	1,339	12,288	7,834	875	28,210
	Percentage(%)						

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	Percentage(%)	0.50	4.07	21.27	81.74	100.00	2.21
Loans due for equity conversion ^{2*}	Loan balance			2,103	5,540		7,643
	Allowances			1,144	4,229		5,373
	Percentage(%)			54.40	76.33		70.30
Total loans	Loan balance ^{2*}	(Won) 119,513,797	(Won) 5,975,827	(Won) 2,487,900	(Won) 828,327	(Won) 303,406	(Won) 129,109,257
	Allowances ^{3*}	795,115	271,217	524,601	471,376	303,406	2,365,715
	Percentage(%)	0.67	4.54	21.09	56.91	100.00	1.83

1* Bills bought in Won and foreign currencies

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

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

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****7. Allowances for Loan Losses, Continued;**

For the years ended December 31, 2002 and 2001, the allowances for loan losses changed as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
Beginning Balance	(Won) 2,271,179	(Won) 1,826,700
Increase due to:		
Provision for loan losses	1,593,479	992,249
Business combination with H&CB		969,078
Collection of written-off loans	269,533	97,123
Troubled debt restructuring	60,939	45,458
Repurchase of loans sold	6,424	3,404
Others		28,330
	<u>1,930,375</u>	<u>2,135,642</u>
Decrease due to:		
Written-off loans	1,527,311	1,090,029
Sale of loans	65,174	372,272
Conversion of loans into equity securities	136,185	164,422
Exemption of loans	8,364	36,675
Offset with present value discounts from troubled debt restructuring	61,104	27,765
Changes in exchange rates and others	24,720	
	<u>1,822,858</u>	<u>1,691,163</u>
Ending Balance	<u>(Won) 2,378,696</u>	<u>(Won) 2,271,179</u>

As of December 31, 2002, 2001 and 2000, the ratios of allowances for loan losses to loans are as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Loans ^{1*}	(Won) 129,109,257	(Won) 109,301,138	(Won) 52,397,111
Allowances for loan losses ^{2*}	<u>2,365,715</u>	<u>2,235,801</u>	<u>1,826,700</u>

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Ratio (%)	1.83	2.05	3.49
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1* The above amounts of loans are net of present value discounts

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

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****8. Fixed Assets:**

Fixed assets as of December 31, 2002 and 2001 comprise the following (in millions of Won):

	2002			2001		
	Acquisition Cost	Accumulated Depreciation	Net Carrying Value	Acquisition Cost	Accumulated Depreciation	Net Carrying Value
Tangible assets						
Land	(Won) 1,175,681	(Won)	(Won) 1,175,681	(Won) 1,168,322	(Won)	(Won) 1,168,322
Buildings and structures	848,745	108,723	740,022	800,337	89,783	710,554
Leasehold improvements	98,117	48,164	49,953	57,035	29,616	27,419
Equipment and vehicles	1,043,969	533,675	510,294	678,816	361,102	317,714
Constructions in progress	1,197		1,197	5,774		5,774
	<u>(Won) 3,167,709</u>	<u>(Won) 690,562</u>	<u>(Won) 2,477,147</u>	<u>(Won) 2,710,284</u>	<u>(Won) 480,501</u>	<u>2,229,783</u>
Intangible assets			614,457			692,390
Foreclosed assets (net of valuation allowance)			1,012			2,298
			<u>(Won) 3,092,616</u>			<u>(Won) 2,924,471</u>

In accordance with the General Banking Act, the Bank is prohibited from investing in non-business purpose real property and may only hold business-purpose real property within its own equity amount.

All of the Bank's tangible assets, other than those personal properties valued under (Won)1 million, are covered by insurance policies of (Won)1,113,446 million and (Won)954,656 million as of December 31, 2002 and 2001, respectively. All vehicles are covered by legal and general insurance policies.

Movements in intangible assets for the year ended December 31, 2002 are as follows (in millions of Won):

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	Beginning			Ending
	Balance	Increase	Decrease	Balance
Goodwill due to the combination with H&CB	(Won) 692,050	(Won)	(Won) 78,345	(Won) 613,705
Rights to income on donated asset	118		8	110
Store possessory right	183		22	161
Trademarks	22	1	12	11
Others	17	501	48	470
	(Won) 692,390	(Won) 502	(Won) 78,435	(Won) 614,457

The total government-posted price of land, used for tax imposition and compensation for confiscation, as of December 31, 2002 and 2001 is as follows (in millions of Won):

	2002		2001	
	Book Value	Appraisal Value	Book Value	Appraisal Value
Lands included in tangible assets	(Won) 1,175,681	(Won) 986,885	(Won) 1,168,322	(Won) 976,511
Lands included in foreclosed assets	1,923	931	4,253	13,492
	(Won) 1,177,604	(Won) 987,816	(Won) 1,172,575	(Won) 990,003

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****9. Other Assets:**

Other assets at December 31, 2002 and 2001 comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Guarantee deposits paid	(Won) 1,235,362	(Won) 1,178,742
Accounts receivable	1,877,645	1,539,076
Accrued income	981,141	984,379
Payments in advance	48,390	104,113
Prepaid expenses	12,646	26,684
Deferred tax assets (Note 26)	170,624	119,444
Derivative assets (Note 17)	660,791	278,893
Unsettled domestic exchange assets	1,087,587	1,490,602
Loans to trust accounts	37,882	267,334
Others	23,490	29,127
	<u>(Won) 6,135,558</u>	<u>(Won) 6,018,394</u>

10. Deposits:

Deposits as of December 31, 2002 and 2001 comprise the following (in millions of Won):

	Annual Interest (%)		
	<u>2002.12.31</u>	<u>2002</u>	<u>2001</u>
Deposits in Won			
Demand deposits			
Checking deposits		(Won) 134,222	(Won) 272,350
Household checking deposits	0.50	469,866	430,716
Passbook deposits	0.50	8,586,219	6,118,412
Temporary deposits		3,577,243	3,825,722
Public fund deposits	0.50	207,695	172,215
Others		12,497	4,590

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		12,987,742	10,824,005
Time deposits and savings deposits			
Time deposits	3.5~5.35	58,187,286	54,665,800
Installment savings deposits	4.2~5.15	1,422,532	1,601,703
Property formation savings	11.69	2,221	2,670
Time and savings deposits of non-residents in Won	2.63	151,124	66,391
General savings deposits	0.5~3.8	21,346,223	20,165,895
Corporate free savings deposits	0.5~3.8	6,556,979	6,269,451
Long term savings deposits for workers	12.38	297,272	473,432
Long term housing savings deposits	5.65	538,782	345,061
Long term savings for households	5.87	2,250,457	3,160,122
Worker s preferential savings deposits	5.35	2,877,467	2,330,304
Worker s savings for housing	1.03	79	106
Mutual installment deposits	3.5~5.25	7,491,115	8,871,193
Mutual installment for housing	4.85~5.25	4,872,637	4,128,489
		105,994,174	102,080,617
		118,981,916	112,904,622

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****10. Deposits, Continued;**

	Annual Interest (%)		
	2002.12.31.	2002	2001
Deposits in foreign currencies			
Demand deposits			
Checking deposits	0.00~3.00	(Won) 29,629	(Won) 28,494
Passbook deposits	0.08~0.10	549,646	411,754
Notice deposits	0.15	2,725	11,945
Temporary deposits		3,796	4,088
		<u>585,796</u>	<u>456,281</u>
Time deposits and savings deposits			
Time deposits	0.44~7.5	496,359	644,532
Others	5.00~8.00	1,493	1,813
		<u>497,852</u>	<u>646,345</u>
		<u>1,083,648</u>	<u>1,102,626</u>
Certificates of deposit	4.0~4.80	3,044,089	1,154,056
		<u>(Won) 123,109,653</u>	<u>(Won) 115,161,304</u>

The maturities of deposits as of December 31, 2002 are as follows (in millions of Won):

	Deposits in		Certificates of	Total
	Deposits in Won	Foreign Currencies	Deposit	
Due in 3 months or less	(Won) 61,110,713	(Won) 895,991	(Won) 1,496,052	(Won) 63,502,756
Due after 3 months through 6 months	13,250,249	94,562	1,480,311	14,825,122
Due after 6 months through 1 year	31,818,169	73,691	67,726	31,959,586
Due after 1 year through 2 years	7,302,870	18,914		7,321,784

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Due after 2 years through 3 years	4,195,407	416		4,195,823
Due after 3 years through 4 years	694,941			694,941
Due after 4 years through 5 years	264,142	74		264,216
Thereafter	345,425			345,425
	<u>4,195,407</u>	<u>416</u>	<u>3,044,089</u>	<u>4,195,823</u>
	(Won) 118,981,916	(Won) 1,083,648	(Won) 3,044,089	(Won) 123,109,653

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****11. Borrowings:**

Borrowings as of December 31, 2002 and 2001 comprise the following (in millions of Won):

	Annual Interest (%) 2002. 12. 31.		2002		2001
Borrowings in Won					
Borrowings from the Bank of Korea					
Aggregate limitation borrowings	2.50	(Won)	671,854	(Won)	1,269,155
Others	5.00~8.00				1,008
			671,854		1,270,163
Borrowings from the government					
Borrowings from the government fund	4.42~5.00		405,210		362,508
Others	0.00~6.00		651,270		626,654
			1,056,480		989,162
Borrowings from banking institutions					
Debenture funds for the development of small and medium industries	4.50~9.55		318,702		398,637
Borrowings from National Housing Fund					
	8.00		9,192		9,637
Borrowings from non-banking financial institutions					
Borrowings from Korea Development Bank	2.00~5.00		6,211		4,831
Subordinated borrowings	9.00~11.84				25,000
Other finance borrowings	5.59~6.52				680,000
			6,211		709,831
Other borrowings					
Borrowings from local governments	2.20~6.50		374,717		435,809
Borrowings from Small and Medium Industry Promotion Fund	4.40~5.68		674,414		723,953
Others	3.00~7.00		80,174		110,637
			1,129,305		1,270,399
			3,191,744		4,647,829

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<u>Borrowings denominated in foreign currencies</u>			
Borrowings from domestic banks	1.78~6.95	528,991	652,591
Borrowings from foreign banks	0.19~2.91	1,875,119	1,795,225
Borrowings from other financial institutions	2.13	23,092	148,181
Others	2.15	981,328	
		<u>3,408,530</u>	<u>2,595,997</u>
<u>Bonds sold under repurchase agreements</u>			
	2.29~4.85	3,074,161	2,959,897
<u>Bills sold</u>			
	4.00~4.80	72,860	79,443
<u>Due to the Bank of Korea denominated in foreign currencies</u>			
		37,493	126,501
<u>Call money</u>			
Won	3.75~4.15	829,300	1,854,200
Foreign currencies	0.25~5.85	76,666	292,185
		<u>905,966</u>	<u>2,146,385</u>
		<u>(Won) 10,690,754</u>	<u>(Won) 12,556,052</u>

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****11. Borrowings**, Continued;

The maturities of borrowings as of December 31, 2002 are as follows (in millions of Won):

	Borrowings in Won	Borrowings in Foreign Currencies	Others	Total
Due in 3 months or less	(Won) 753,448	(Won) 2,056,221	(Won) 2,940,074	(Won) 5,749,743
Due after 3 months through 6 months	113,261	349,331	672,386	1,134,978
Due after 6 months through 1 year	221,520	377,467	478,020	1,077,007
Due after 1 year through 2 years	513,437	314,666		828,103
Due after 2 years through 3 years	437,009	265,664		702,673
Due after 3 years through 4 years	330,129	161		330,290
Due after 4 years through 5 years	246,722			246,722
Thereafter	576,218	45,020		621,238
	(Won) 3,191,744	(Won) 3,408,530	(Won) 4,090,480	(Won) 10,690,754

12. Debentures:

Debentures as of December 31, 2002 and 2001 comprise the following (in millions of Won):

	Annual Interest (%)		
	2002.12.31.	2002	2001
Debentures in Won			
Subordinated debentures	5.68~16.00	(Won) 4,753,285	(Won) 3,634,357
Discounted debentures	4.46~7.38	9,627,021	2,208,599
Coupon debentures	4.78~10.48	2,268,818	1,077,379
Compound interest debentures	4.76~10.57	373,184	857,823
		17,022,308	7,778,158

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Discounts on debentures		(270,924)	(71,758)
		<u>16,751,384</u>	<u>7,706,400</u>
<u>Debentures denominated in foreign currencies</u>			
Regular debentures	1.95~5.00	789,127	1,376,429
Discounts on debentures		(1,504)	(6,801)
		<u>787,623</u>	<u>1,369,628</u>
		<u>(Won) 17,539,007</u>	<u>(Won) 9,076,028</u>

Continued;

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****12. Debentures**, Continued;

As of December 31, 2002, debentures in Won comprise the following:

	<u>Issue Date</u>	<u>Hundred Millions of Won</u>	<u>Annual Interest (%)</u>	<u>Maturity</u>
Subordinated				
Floating rate				
	1998-12-29	(Won) 2,212	5.68	2004-03-31
	1998-12-29	883	6.68	2004-03-31
Fixed rate				
	1997-12-29	1,000	16.00	2004-01-05
	1998-06-18	600	15.66	2003-07-18
	1998-06-23	1,749	15.02	2003-11-15
Fixed rate ^{1*}				
	1997-01~08	1,051	11.04 ~ 15.66	2003-01~08
	2000-03-27	2,000	9.65	2005-03-27
	2000-06-28	2,540	9.04 ~ 9.10	2006-01-28
	2000-09-27	3,000	8.99	2006-01-27
	2000-09-28	1,500	8.79 ~ 8.85	2006-01-28
	2000-11-28	1,000	8.65 ~ 8.71	2006-02-28
	2000-11-28	1,620	9.57 ~ 9.65	2010-11-28
	2000-12-27	2,000	8.71	2006-01-27
	2001-05-28	2,000	7.60 ~ 7.65	2007-02-28
	2001-06-27	1,600	7.68	2008-03-27
	2001-06-27	2,175	7.86	2009-03-27
	2001-08-28	1,000	6.69 ~ 6.73	2007-08-28
	2001-09-28	1,500	6.69 ~ 6.73	2008-03-28
	2002-03-27	2,417	7.06 ~ 7.10	2008-01-27
	2002-07-27	3,024	6.96 ~ 7.00	2008-01-27
	2002-09-27	2,574	6.27 ~ 6.30	2008-03-27
	2002-09-27	1,500	6.51 ~ 6.55	2010-03-27
	2002-09-27	926	6.66 ~ 6.70	2013-03-27
	2002-11-27	4,007	6.07 ~ 6.10	2008-05-27
	2002-11-27	578	6.27 ~ 6.30	2010-05-27
	2002-11-27	1,003	6.51 ~ 6.55	2013-05-27
	2002-12-27	304	6.55	2014-12-27
	2002-12-27	100	6.20	2008-06-27
	2002-12-27	900	6.40	2010-06-27
	2002-12-27	500	6.65	2013-06-27
Housing debentures	1998-12-29	270	5.68	2004-03-31

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Fixed rate				
	2000-11-28	2,000	7.01	2003-11-28
	2000-12-28	1,600	7.01	2003-12-28
	2001-02-28	800	5.48	2004-02-28
	2001-06-28	2,300	5.87	2004-06-28
	2001-07-28	600	5.82 ~ 5.87	2004-07-28
	2001-08-28	600	5.82	2004-08-28
	1988-07~2003-01	114,777	4.12~10.57	1991-04~2008-01
Housing debentures ^{1*}	1989-08~2000-08	13	6.28~16.28	1990-11~2005-03
		(Won) 170,223		

^{1*} Debentures sold over the counter

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****12. Debentures**, Continued;

As of December 31, 2002, debentures denominated in foreign currencies comprise the following:

<u>Issue Date</u>	<u>Thousands of Dollars</u>	<u>Annual Interest (%) 2002. 12. 31.</u>	<u>Maturity</u>	<u>Listings</u>
Floating rate				
2000-04-10	USD 40,000	2.86	2003-04-10	Not listed
2000-06-02	USD 10,000	2.77	2003-06-02	Not listed
2000-08-10	USD 12,500	2.65	2003-08-11	Not listed
2002-04-03	USD 46,000	1.95	2003-04-02	Not listed
2002-04-03	USD 81,000	2.06	2004-04-03	Not listed
2002-07-03	HKD 800,000	2.02	2003-07-02	Not listed
Fixed rate				
2000-04-20	SGD 100,000	5.00	2003-04-20	Not listed
2002-12-10	USD 307,674	4.63	2007-02-10	Luxembourg
USD equivalent (in thousands of USD)		USD 657,387		
KRW equivalent (in millions of Won)		(Won) 789,127		

The issuance limit of finance debentures issued in Won and foreign currencies is 300% of BIS (bank for international settlements) shareholder's equity according to the Enforcement Ordinance of Bank Law. However, these limits under the Bank Law do not apply to the Bank's long-term bank debentures issued for the repayment of the KLB debentures acquired due to the merger with KLB.

On November 25, 2002, Goldman Sachs Capital Koryo, L.P. converted \$200 million of its subordinated foreign currency convertible bonds, all of which had been outstanding as of December 31, 2002, into common stocks (See Notes 19 and 20).

The maturities of debentures as of December 31, 2002 are as follows (in millions of Won):

Won	Foreign Currencies	Total
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Due in 3 months or less	(Won) 2,023,419	(Won) 2,023,419	(Won) 2,023,419
Due after 3 months through 6 months	2,840,824	307,557	3,148,381
Due after 6 months through 1 year	5,464,561	15,005	5,479,566
Due after 1 year through 2 years	2,010,272	97,232	2,107,504
Due after 2 years through 3 years	686,878		686,878
Due after 3 years through 4 years	1,100,019		1,100,019
Due after 4 years through 5 years	374,467	369,333	743,800
Thereafter	2,521,868		2,521,868
	(Won) 17,022,308	(Won) 789,127	(Won) 17,811,435

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****13. Accrued Retirement Benefits:**

The movements in accrued retirement benefits for the year ended December 31, 2002 are as follows (in millions of Won):

	Beginning	Amounts	Amounts	Ending
	Balance	Provided	Paid Out	Balance
Retained retirement benefits	(Won) 21,973	(Won) 39,706	(Won) 18,906	(Won) 42,773
Contributed retirement benefits	28,414	60,492	224	88,682
Total accrued retirement benefits	50,387	100,198	19,130	131,455
Contribution to National Pension Fund	(33)		(33)	
Contribution to pension funds	(28,414)	(60,492)	(224)	(88,682)
	(Won) 21,940	(Won) 39,706	(Won) 18,873	(Won) 42,773

The Bank paid (Won)67,905 million as retirement benefits, including (Won)48,775 million of special retirement benefits for early retirement.

Contributed retirement benefits, comprising approximately 67.46% of total accrued retirement benefits as of December 31, 2002, represent contributions to pension funds at two insurance companies, including Korea Life Insurance Co., Ltd., and the Bank's employees hold the right of payment from these funds.

14. Employee Stock Options:

The Bank, under the approval of the Board of Directors, granted stock options to its executives on March 18, 2000, March 15, 2001, November 16, 2001, March 22, 2002, and July 26, 2002. In addition, the stock options of H&CB, which were granted on October 31, 1998, February 27, 1999, February 28, 2000, and March 24, 2001, were transferred to the Bank as a result of the business combination with H&CB. The details of the stock options in effect as of December 31, 2002 are as follows:

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Stock Options Transferred from H&CB

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7 ^{1*2}	Series 8 ²	Series 9
Grant date	00.3.18	01.3.15	98.10.31	99.2.27	00.2.28	01.3.24	01.11.16	02.3.22	02.7.26
Shares granted	222,094	214,975	400,000	280,000	267,000	111,000	650,000	622,000	30,000
Shares expired to date	109,565	16,882		59,892	65,218	21,173		43,000	
Shares exercised			320,000	220,108					
Shares outstanding	112,529	198,093	80,000		201,782	89,827	650,000	579,000	30,000
Exercise method	The Bank's choice of issuance or net settlement								
Exercise price	(Won) 23,469	(Won) 28,027	(Won) 5,000	(Won) 13,900	(Won) 27,600	(Won) 25,100	(Won) 51,200	(Won) 57,100	(Won) 58,800
Exercise period	03.3.19~ 05.3.18	04.3.16~ 09.3.15	01.11.1~ 04.10.31	02.2.28~ 05.2.27	03.3.1~ 06.2.28	04.3.25~ 07.3.24	04.11.17~ 09.11.16	05.3.23~ 10.3.22	05.7.27~ 10.7.26

1* The stock options do not include the shares which will be additionally granted if the recent three-month weighted average stock price of the Bank before exercise is higher than that of any other listed banks and the Bank achieve total market value and ROE target.

2* The exercise price may be affected by the fluctuation of the stock price index of the banking industry

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****14. Employee Stock Options, Continued;**

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

	<u>Series 1</u>	<u>Series 2</u>	<u>Series 3</u>	<u>Series 5</u>	<u>Series 6</u>	<u>Series 7</u>	<u>Total</u>
Previously recognized compensation cost	(Won) 830	(Won) 859	(Won) 3,584	(Won) 1,896	(Won) 475	(Won) 363	(Won) 8,007
Currently recognized compensation cost	1,081	756	(624)	848	411	(363)	2,109
Accumulated compensation cost	1,911	1,615	2,960	2,744	886		10,116
Compensation cost to be recognized	174	1,153		161	633		2,121
Total compensation cost	(Won) 2,085	(Won) 2,768	(Won) 2,960	(Won) 2,905	(Won) 1,519	(Won)	(Won) 12,237

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

	<u>Series 1</u>	<u>Series 2</u>	<u>Series 5</u>	<u>Series 6</u>	<u>Total</u>
Within 1 year	(Won) 174	(Won) 923	(Won) 161	(Won) 506	(Won) 1,764
After 1 year through 2 years		230		127	357
	(Won) 174	(Won) 1,153	(Won) 161	(Won) 633	(Won) 2,121

15. Other Liabilities:

Other liabilities as of December 31, 2002 and 2001 comprise the following (in millions of Won):

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	<u>2002</u>	<u>2001</u>
Accrued retirement benefits (Note 13)	(Won) 42,773	(Won) 21,940
Allowance for loss on guarantees and acceptances (Note 16)	2,287	43,823
Due to trust accounts	734,646	1,666,520
Accounts payable	2,193,925	1,398,890
Accrued expenses	4,656,225	4,736,583
Advances from customers	48,745	106,570
Unearned income	147,623	148,693
Withholding taxes	85,841	140,185
Guarantee deposits received	112,732	154,248
Derivative liabilities (Note 17)	522,286	272,186
Unsettled domestic exchange liabilities	541,757	1,443,480
Liabilities incurred by Agency relationship	486,413	705,727
Other allowances ^{1*}	48,876	6,510
Accounts for agency business	395,678	254,146
Others	90,224	87,375
	<u>(Won) 10,110,031</u>	<u>(Won) 11,186,876</u>

1* Other allowances comprise the following (in millions of Won):

<u>Allowances for</u>	<u>Amounts</u>	<u>Remarks</u>
Suspense receivables	(Won) 6,400	Allowance for loss on suspense receivables
Loss on closure of overseas branch	348	Allowance for loss on closure of the branch in Buenos Aires
Uncollected leasehold deposits	4,872	Allowance for loss on uncollected leasehold deposits
Credit card receivables	9,496	Allowance for unused cash advance to offset the risk of loss occurring from it
Credit card point	2,749	Allowance for loss on credit card point reserve
KAMCO loans sold	15,073	Allowance for loss on loans sold under repurchase agreements to KAMCO (See Note 18)
granting of credit to SPC	9,938	Allowance for loss on the agreement of granting of credit to SPC related to KAMCO
	<u>(Won) 48,876</u>	

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****16. Guarantees and Acceptances:**

Guarantees and acceptances as of December 31, 2002 and 2001 are summarized as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
<u>Guarantees and acceptances outstanding in</u>		
Won		
Guarantees on debentures	(Won) 571	(Won) 6,124
Guarantees on loan collateral	39,234	49,110
Guarantees on commercial bills	646	230
Others	248,457	205,331
	<u>288,908</u>	<u>260,795</u>
Foreign Currencies		
Acceptances on letters of credit	190,775	2,476,187
Acceptances for letters of guarantee for importers	111,016	73,267
Guarantees for performance	71,577	177,278
Guarantees for bid	1,077	744
Guarantees for borrowings	31,055	29,028
Guarantees for repayment of advances	25,707	2,440
Others	311,583	502,231
	<u>742,790</u>	<u>3,261,175</u>
	<u>1,031,698</u>	<u>3,521,970</u>
<u>Contingent guarantees and acceptances</u>		
Letters of Credit	1,243,354	1,310,984
Others	63,524	58,739
	<u>1,306,878</u>	<u>1,369,723</u>
	<u>(Won) 2,338,576</u>	<u>(Won) 4,891,693</u>

As of December 31, 2002, the allowances for losses on guarantees and acceptances outstanding according to credit risk classifications are as follows (in millions of Won):

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Guarantees and Acceptances Outstanding in		Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total
Won	Balance	(Won) 269,721	(Won) 17,215	(Won) 1,820	(Won) 152	(Won)	(Won) 288,908
	Allowance			364	143		507
	Ratio (%)			20.00	94.08		0.18
Foreign currencies	Balance	665,170	69,770	7,512	227	111	742,790
	Allowance			1,546	123	111	1,780
	Ratio (%)			20.58	54.19	100.0	0.24
Total	Balance	(Won) 934,891	(Won) 86,985	(Won) 9,332	(Won) 379	(Won) 111	(Won) 1,031,698
	Allowance			1,910	266	111	2,287
	Ratio (%)			20.47	70.18	100.0	0.22

Continued;

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****16. Guarantees and Acceptances, Continued;**

The allowance ratios to guarantees and acceptances outstanding as of December 31, 2002, 2001 and 2000 are as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>	<u>2001</u>
Guarantees and acceptances outstanding	(Won) 1,031,698	(Won) 3,521,970	(Won) 3,035,968
Allowances for losses from guarantees and acceptances outstanding	2,287	43,823	37,331
Ratio (%)	0.22	1.24	1.23

For the years ended December 31, 2002 and 2001, the allowances for losses on guarantees and acceptances outstanding changed as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
Beginning balance	(Won) 43,823	(Won) 37,331
Increase due to the business combination with H&CB		14,943
Reversal of allowance	(37,436)	(8,790)
Changes in foreign exchange rates	(4,100)	339
Ending balance	(Won) 2,287	(Won) 43,823

The guarantees and acceptances risk concentration by country as of December 31, 2002 are as follows (in millions of Won):

Guarantees and		Contingent		Total	
Acceptances Outstanding		Guarantees and Acceptances		Total	
<u>Balance</u>	<u>Percentage (%)</u>	<u>Balance</u>	<u>Percentage (%)</u>	<u>Balance</u>	<u>Percentage (%)</u>

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Korea	(Won)	998,126	96.75	(Won)	1,306,710	99.99	(Won)	2,304,836	98.56
USA		33,572	3.25		168	0.01		33,740	1.44
		<u> </u>	<u> </u>		<u> </u>	<u> </u>		<u> </u>	<u> </u>
	(Won)	1,031,698	100.00	(Won)	1,306,878	100.00	(Won)	2,338,576	100.00
		<u> </u>	<u> </u>		<u> </u>	<u> </u>		<u> </u>	<u> </u>

The guarantees and acceptances risk concentration by industry and customer as of December 31, 2002 are as follows (in millions of Won):

	Guarantees and		Contingent		Total				
	Acceptances Outstanding		Guarantees and Acceptances						
	Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)			
Industrial									
Manufacturing	(Won)	363,123	35.20	(Won)	787,928	60.29	(Won)	1,151,051	49.22
Finance		58,223	5.64		86	0.01		58,309	2.49
Service		163,107	15.81		40,913	3.13		204,020	8.72
Others		447,245	43.35		477,951	36.57		925,196	39.57
		<u> </u>	<u> </u>		<u> </u>	<u> </u>		<u> </u>	<u> </u>
	(Won)	1,031,698	100.00	(Won)	1,306,878	100.00	(Won)	2,338,576	100.00
		<u> </u>	<u> </u>		<u> </u>	<u> </u>		<u> </u>	<u> </u>

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****17. Derivatives:**

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

Trading derivatives include future contracts, forward contracts, swaps, and options entered into by the Bank to gain profit from short-term fluctuations of the underlying variable of the instruments. Also, trading derivatives include those with the Bank's customers and the related hedging derivatives.

Hedge derivatives comprise mainly of interest rate swaps to hedge the fair value change of debentures arising from the interest rate risk. Some hedge purpose transactions do not qualify for hedge accounting and thus are accounted for as trading derivatives. These transactions include the hedge relationships where the hedged item is an asset or liability that is remeasured with the changes in fair value.

The notional amounts outstanding for derivative contracts as of December 31, 2002 and 2001 are as follows (in millions of Won):

	2002			2001		
	Trading	Hedge	Total	Trading	Hedge	Total
Interest related						
Futures	(Won) 365,513	(Won)	(Won) 365,513	(Won) 359,203	(Won)	(Won) 359,203
Swap	15,944,472	360,120	16,304,592	4,514,411	358,118	4,872,529
Option	310,700		310,700			
	16,620,685	360,120	16,980,805	4,873,614	358,118	5,231,732
Currency related						
Forward	13,186,586		13,186,586	8,473,527		8,473,527
Futures	739,386		739,386	620,018		620,018
Swap	3,254,755		3,254,755	2,529,233		2,529,233
Option bought	48,616		48,616	2,652		2,652
Option sold	127,863		127,863	5,304		5,304
	17,357,206		17,357,206	11,630,734		11,630,734

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<u>Stock related</u>					
Option bought	137,147		137,147	4,989	4,989
Option sold	100,000		100,000		
	237,147		237,147	4,989	4,989
<u>Credit related</u>				39,783	39,783
	(Won) 34,215,038	(Won) 360,120	(Won) 34,575,158	(Won) 16,549,120	(Won) 358,118
				(Won) 16,907,238	

Continued;

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****17. Derivatives**, Continued;

Gains and losses on derivatives are as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
Gain on derivatives		
Gain on derivatives transactions	(Won) 1,760,743	(Won) 2,112,919
Gain on valuation of derivatives	603,633	165,223
Gain on fair value hedged items		14,077
	<u>(Won) 2,364,376</u>	<u>(Won) 2,292,219</u>
Loss on derivatives		
Loss on derivatives transactions	(Won) 1,594,025	(Won) 2,088,619
Loss on valuation of derivatives	561,749	229,297
Loss on fair value hedged items	9,213	1,516
	<u>(Won) 2,164,987</u>	<u>(Won) 2,319,432</u>

Derivative valuation gains and losses for the year ended December 31, 2002 are as follows (in millions of Won):

	Valuation Gains (P/L)			Valuation Losses (P/L)			Fair Value (B/S)	
	Trading	Hedge	Total	Trading	Hedge	Total	Asset	Liability
Interest related								
Option	(Won) 191	(Won) 191	(Won) 191	(Won) 176	(Won) 176	(Won) 176	(Won) 375	(Won) 334
Swap	136,417	9,213	145,630	236,359		236,359	139,991	236,225
	<u>136,608</u>	<u>9,213</u>	<u>145,821</u>	<u>236,535</u>		<u>236,535</u>	<u>140,366</u>	<u>236,559</u>
Currency related								
Forward	230,877		230,877	209,814		209,814	230,261	198,829
Option bought	1,405		1,405				1,023	

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Option sold			732	732		872
Swap	223,171	223,171	112,319	112,319	282,226	81,347
	<u>455,453</u>	<u>455,453</u>	<u>322,865</u>	<u>322,865</u>	<u>513,510</u>	<u>281,048</u>
Stock related						
Option bought	2,359	2,359			6,915	
Option sold			2,349	2,349		4,679
	<u>2,359</u>	<u>2,359</u>	<u>2,349</u>	<u>2,349</u>	<u>6,915</u>	<u>4,679</u>
	<u>(Won) 594,420</u>	<u>(Won) 9,213</u>	<u>(Won) 603,633</u>	<u>(Won) 561,749</u>	<u>(Won) 561,749</u>	<u>(Won) 660,791</u>
					<u>(Won) 660,791</u>	<u>(Won) 522,286</u>

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

December 31, 2002 and 2001

18. Commitments and Contingencies:

As of December 31, 2002, 136 pending legal actions with an aggregate amount of claims of (Won)190,397 million are charged against the Bank and the Bank had also filed 171 lawsuits which are still pending with an aggregate amount of claims of (Won)117,534 million. Management believes that the actions related to the Bank are without merit and that the ultimate liability, if any, will not materially affect the Bank's financial position.

The Bank, under the Mutual Savings & Finance Company Act, is liable for the payment of the deposits of Orange Mutual Savings & Finance Co., Ltd. (previously, Kookmin Mutual Savings & Finance Co., Ltd.) and Hansol Mutual Savings & Finance Co., Ltd. (previously, Bukook Mutual Savings & Finance Co., Ltd.), previously the Bank's subsidiaries but which were sold during 1999, if they enter into bankruptcy within 3 years of sale. Orange Mutual Savings & Finance Co., Ltd. is currently under going bankruptcy procedures due to the disapproval of its business by the Financial Supervisory Commission. Korea Deposit Insurance Corporation (KDIC) has paid for the deposit money subject to the Depositor Protection Act. Despite the fact that Resolution and Finance Corp. (a subsidiary of KDIC) has filed a lawsuit against the Bank for the recovery of the repayment, such lawsuit is not expected to cause any loss which could materially affect the Bank's financial statements.

The Bank has credit lines with commitments to purchase commercial paper from asset securitization companies. Under these commitments, the Bank provides money, in case of a temporary fund shortage, for the principal and interest repayment of these companies' senior bonds within the contracted term and amounts. As of December 31, 2002, under these commitments, the aggregate committed credit line and loans outstanding are (Won)3,280,638 million and (Won)26,762 million, respectively. Also, the Bank entered into arrangements to purchase (Won)1,617,000 million of commercial papers issued by the securitization companies. The Bank has arranged various methods to compensate for losses on these credit line commitments including payment guarantees, repurchase contracts, surety certificate guarantees, and cash reserve. Also, resulting expected losses amounting to (Won)9,938 million are reserved as other allowances (See Note 15).

Pursuant to asset securitization plans, the Bank previously sold loans to special purpose entities in previous periods. The related contracts for asset securitization stipulate the Bank's performance of warranty liability for loans sold to Kookmin 4th-ABS Specialty Co., Ltd. and Jooeun 5th-ABS Specialty Co., Ltd. (collectively, the SPEs) when underlying loans are delinquent for certain period of time or go into default. Accordingly, the Bank bears possible liabilities for collateral performance toward the SPEs within the limits of (Won)72,000 million and (Won)66,500 million, respectively, as of December 31, 2002. No adjustments have been made in the accompanying financial statements related to such uncertainties.

As of December 31, 2002, loans sold to Korea Asset Management Corporation (KAMCO) has all been settled and the Bank provided an allowance of (Won)15,073 million for estimated losses from repurchase of loans sold to KAMCO that are under the repurchase agreement (See Note 15).

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

The Bank sold its 87.00% ownership of Kookmin Investment Trust Management Co., Ltd. and 88.66% ownership of Kookmin Leasing Co., Ltd. to Morgan Stanley Private Equity, the M&A private funds led by Morgan Stanley Global Emerging Markets Inc. and affiliated funds, and Sun Capital Inc. on May 29, 2002 and December 27, 2002, respectively, and the Bank recognized losses on disposition of investment securities amounting to (Won)10,752 million and (Won)365 million, respectively.

As of December 31, 2002 and 2001, the Bank holds the unexpired rights to claim from borrowers or guarantors for loans in accordance with the relevant law, which has already been written off, amounting to (Won)3,750,402 million and (Won)2,490,069 million, respectively.

As of December 31, 2002 and 2001, the Bank holds endorsed bills amounting to (Won)9,285 million and (Won)13,474 million, respectively.

Continued;

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

December 31, 2002 and 2001

18. Commitments and Contingencies, Continued;

In response to the generally unstable economic conditions, the Korean government and the private sector have been implementing structural reforms to historical business practices. Implementation of these reforms is progressing slowly, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms.

Certain financially troubled borrowers of the Bank including Korea Data System Co., Ltd. are experiencing a cash crisis or in the debt restructuring process under workout plans and other similar programs. As of December 31, 2002, in relation to such borrowers, total loans outstanding including guarantees and acceptances amounted to (Won)639,037 million, and the related allowances and discounted present value amounted to (Won)170,259 million and (Won)4,735 million, respectively.

The Bank may be either directly or indirectly affected by these general unstable economic conditions and the reform program described above. The accompanying non-consolidated financial statements reflect management's assessment of the impact to date of the economic situation on the financial position of the Bank. Actual results may differ materially from management's current assessment.

19. Capital Stock:

As of December 31, 2002, the Bank has 1,000,000,000 common shares (par value : (Won)5,000) authorized and 328,258,685 shares issued and Goldman Sachs Capital Koryo, L.P., ING Bank N.V. Amsterdam, and the Korean government own 5.13%, 3.87%, and 9.33%, respectively, of the total issued shares. During the current period, Goldman Sachs Capital Koryo, L.P. sold the 14,470,000 common shares as ADSs. As a result, as of December 31, 2002, 37,728,214 common shares, equivalent to 11.49% of the total issued shares, are listed on the New York Stock Exchange as ADSs and are managed by Bank of New York, the trustee of the Bank.

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

As a result of the business combination with H&CB, the shareholders of the Bank and H&CB, listed on the Register of Shareholders at October 31, 2001, received 179,775,233 new shares and 119,922,229 new shares of the Bank, respectively, at the exchange ratio of one new common share of the Bank for 1.688346 old shares of the Bank and 1 share of H&CB respectively.

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In accordance with the resolution of the general shareholders meeting on March 22, 2002, the Bank approved a 6% stock dividend for shareholders listed on the Register of Shareholders at December 31, 2001 and issued 17,979,954 shares.

The Bank is authorized to issue to non-shareholders convertible bonds and bonds with stock purchase warrants up to total par value amounts of (Won)2,500 billion and (Won)500 billion, respectively. On November 25, 2002, Goldman Sachs Capital Koryo, L.P. converted \$200 million of its subordinated foreign currency convertible bonds, equivalent to (Won)265,220 million, all of which had been outstanding as of December 31, 2002, into 10,581,269 shares of common stock at (Won)22,124 per share. The Bank also recorded (Won)180,919 million, net of stock issuance costs of (Won)275 million, as paid-in capital in excess of par value in capital surplus (See Notes 12 and 20).

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****20. Capital Surplus:**

Capital surplus as of December 31, 2002 and 2001 comprises the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Paid-in capital in excess of par value	(Won) 5,287,708	(Won) 5,107,251
Gain on business combination	397,669	397,669
Revaluation increment	177,229	177,229
Others	2,146	1,815
	<u>(Won) 5,864,752</u>	<u>(Won) 5,683,964</u>

The movements in capital surplus for the year ended December 31, 2002 are as follows (in millions of Won):

	<u>Beginning Balance</u>	<u>Increase^{1*}</u>	<u>Decrease^{2*}</u>	<u>Ending Balance</u>
Paid-in capital in excess of par value	(Won) 5,107,251	(Won) 181,194	(Won) 737	(Won) 5,287,708
Gain on business combination ^{3*}	397,669			397,669
Revaluation increment	177,229			177,229
Others	1,815	331		2,146
	<u>(Won) 5,683,964</u>	<u>(Won) 181,525</u>	<u>(Won) 737</u>	<u>(Won) 5,864,752</u>

1* The increase in paid-in capital in excess of par value is due to the amount in excess of par value in the conversion of foreign currency convertible bonds (See Notes 12 and 19). The increase in other capital surplus is due to the gains on the sales of treasury stocks.

2* The decreases in paid-in capital in excess of par value are stock issuance costs for stock dividends and conversion of convertible bonds (See Notes 12 and 19)

3* The above amount of gain on business combination is due to the difference between the business combination consideration and the net asset value acquired from the merger with KLB on December 31, 1998.

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****21. Retained Earnings:**

Retained earnings as of December 31, 2002 and 2001 comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Legal reserves	(Won) 545,740	(Won) 413,740
Reserves for business rationalization	40,760	40,760
Special reserves	1,827,700	960,700
Other reserves	2,492	7,158
Unappropriated retained earnings	410	5,117
	<u>(Won) 2,417,102</u>	<u>(Won) 1,427,475</u>

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

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

As of December 31, 2002 and 2001, other reserves comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Reserves for overseas investment losses	(Won) 2,492	(Won) 5,417
Other reserves	1,741	7,158
	<u>(Won) 2,492</u>	<u>(Won) 7,158</u>

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Pursuant to the Tax Exemption and Reduction Control Law, the Bank appropriates reserves for overseas investment losses. Other reserves are those appropriated for the operations of overseas branches.

The Bank's income available for dividends is computed as follows (in millions of Won):

	2002	2001
Retained earnings before appropriations	(Won) 1,319,970	(Won) 672,418
Transferred from prior years' reserves	5,417	8,483
Appropriations by law	(132,744)	(75,917)
	(Won) 1,192,643	(Won) 604,984

Continued;

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Cash dividends and stock dividends on the statements of appropriations of retained earnings for the years ended December 31, 2002 and 2001 are calculated as follows:

For the Year Ended December 31, 2002**Cash dividends on common stocks**

Shares eligible to receive dividends ^{1*}	325,232,596 shares (par value of (Won)5,000 per share)		
Dividend rate at par value	20% ((Won)1,000 per share)		
Dividends payable	325,232,596 shares x (Won)1,000	=	(Won) 325,232,596,000

1* The number of shares eligible to receive dividends is calculated by eliminating 3,026,089 shares of treasury stocks from 328,258,685 shares issued and outstanding.

For the Year Ended December 31, 2001**Cash dividends on common stocks**

Shares eligible to receive dividends	299,665,914 shares (par value of (Won)5,000 per share)		
Dividend rate at par value	2% ((Won)100 per share)		
Dividends payable	299,665,914 shares x (Won)100	=	(Won) 29,966,591,400

Stock dividends on common stocks

Shares eligible to receive dividends	299,665,914 shares (par value of (Won)5,000 per share)		
Dividend rate at par value	6% ((Won)300 per share)		
Dividends payable	299,665,914 shares x (Won)300	=	89,899,774,200

(Won) 119,866,365,600

Dividend payout ratios and dividend yield ratios for the years ended December 31, 2002 and 2001 are as follows:

	2002		2001
Dividend payout ratio ^{*1}	Common stock :	24.82%	Common stock : 16.19%
Dividend yield ratio ^{*2}		2.38%	0.80%

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- *1 Dividends payable / Net income
- *2 Dividends per share / Closing stock price per share at balance sheet dates

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As of December 31, 2002 and 2001, capital adjustments comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Treasury stocks	(Won) (148,973)	(Won) (1,363)
Unissued stock dividends		89,900
Unrealized gain on investment securities	275,222	189,058
Employee stock options (See Note 14)		26,021
	<u>(Won) 126,249</u>	<u>(Won) 303,616</u>

The movements in capital adjustments for the year ended December 31, 2002 are as follows (in millions of Won):

	Beginning			Ending
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Treasury stocks	(Won) (1,363)	(Won) (149,704)	(Won) (2,094)	(Won) (148,973)
Unissued stock dividends	89,900		89,900	
Unrealized gain on investment securities	189,058	202,064	115,900	275,222
Employee stock options (See Note 14)	26,021		26,021	
	<u>(Won) 303,616</u>	<u>(Won) (52,360)</u>	<u>(Won) 229,727</u>	<u>(Won) 126,249</u>

The Bank, under the approval of the Board of Directors on July 26, 2002, established an Employee Stock Option Plan for the welfare of the employees and purchased 3,000,000 treasury stocks under the plan.

23. Other Non-Interest Income (Expenses):

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Other non-interest income (expenses) for the years ended December 31, 2002 and 2001 comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
<u>Other non-interest income</u>		
Realized gain on trading securities	(Won) 127,017	(Won) 156,605
Unrealized gain on trading securities	167,366	
Gain on trust management	318,338	231,686
Reversal of allowance for losses on guarantees and acceptances	37,436	8,790
Others	19,565	689
	<u>(Won) 669,722</u>	<u>(Won) 397,770</u>
<u>Other non-interest expenses</u>		
Realized loss on trading securities	(Won) 39,215	(Won) 121,881
Unrealized loss on trading securities		4,140
Contributions to special funds	150,659	87,626
Loss on trust management		31,479
Others	168,161	61,900
	<u>(Won) 358,035</u>	<u>(Won) 307,026</u>

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****24. General and Administrative Expenses:**

General and administrative expenses for the years ended December 31, 2002 and 2001 comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Salaries and wages	(Won) 1,121,336	(Won) 541,869
Retirement benefits (Note 13)	100,198	112,366
Other employee benefits	253,464	360,549
Rent	49,792	21,409
Depreciation	311,487	103,334
Amortization	78,444	13,537
Taxes and dues	106,612	65,693
Advertising	88,029	36,469
Ordinary R&D	158,895	38,412
Fees and commissions	61,361	47,536
Others	221,808	117,370
	<u>(Won) 2,551,426</u>	<u>(Won) 1,458,544</u>

25. Non-Operating Income (Expenses):

Non-operating income (expenses) for the years ended December 31, 2002 and 2001 comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Non-operating income		
Gain on disposal of fixed assets	(Won) 1,844	(Won) 940
Rent income	3,404	2,463
Gain on investment in associates (Note 5)		351,226
Realized gain on investment securities	382,808	111,036
Reversal of impairment loss on investment equity securities	15,318	
Reversal of impairment loss on investment debt securities	12,380	
Unrealized gain on investment in special funds (Note 5)	2,022	85,519
Gain on sale of loans	15,858	1,317

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Others	91,646	66,503
	<u>525,280</u>	<u>619,004</u>
<u>Non-operating expenses</u>		
Loss on disposal of fixed assets	8,132	4,314
Loss on investment in associates	273,620	
Realized loss on investment securities	171,963	38,105
Impairment loss on investment equity securities	222,309	6,144
Impairment loss on investment debt securities	77,782	88,973
Loss on sale of loans	9,383	119,338
Retirement benefits	48,775	38,925
Others	85,463	76,500
	<u>897,427</u>	<u>372,299</u>
	<u>(Won) (372,147)</u>	<u>(Won) 246,705</u>

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****26. Income Tax Expenses:**

Income tax expenses for the years ended December 31, 2002 and 2001 comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Income taxes payable	(Won) 652,583	(Won) 225,162
Deferred income taxes from temporary differences	(96,258)	97,109
Deferred income taxes from loss carry-forwards ^{1*}	28,929	
Retained earnings adjustments	(1,927)	29,415
	<u>(Won) 583,327</u>	<u>(Won) 351,686</u>

1* The above amounts of loss carry-forwards are from the prior period and all amounts are realized as of December 31, 2002.

Adjustments of net income before income tax expenses to taxable income for the years ended December 31, 2002 and 2001 comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
<u>Adjustments to increase taxable income</u>		
Permanent differences due to:		
Additional payment of income taxes	(Won) 8,572	(Won) 2,069
Amortization of goodwill	78,345	13,058
Employee stock option	24,808	
Deemed interest	5,211	3,250
Interest expenses	3,144	2,421
Entertainment expenses	5,722	6,932
Others	7,615	7,568
	<u>133,417</u>	<u>35,298</u>
Temporary differences	<u>1,773,794</u>	<u>2,394,597</u>
	<u>(Won) 1,907,211</u>	<u>(Won) 2,429,895</u>

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Adjustments to decrease taxable income

Permanent differences due to:

Dividend income	(Won) 49,351	(Won) 27,153
Corporation tax refund	4,682	22,478
Others	1,434	2,482
	55,467	52,113
Temporary differences	1,601,468	2,695,523
	(Won) 1,656,935	(Won) 2,747,636

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****26. Income Tax Expenses, Continued;**

The significant changes in accumulated temporary differences and deferred income taxes for the year ended December 31, 2002 comprise the following (in millions of Won):

	Beginning Balance	Increase	Decrease	Ending Balance	Deferred Tax Assets (Liabilities)
Allowance for loan losses	(Won) 671,717	(Won) 314,081	(Won) 671,717	(Won) 314,081	(Won) 93,282
Accrued interest	(478,123)	(350,798)	(478,123)	(350,798)	(104,187)
Unrealized loss on securities	1,875	238,142	(362,629)	602,646	178,986
Unrealized loss on derivatives	32,011	(99,147)	32,950	(100,086)	(29,725)
Present value discounts	87,972	28,001	87,972	28,001	8,316
Allowance for losses on guarantees and acceptances	43,823	5,278	43,823	5,278	1,568
Accrued retirement benefits	1,785	28,190	29,975		
Reserve for overseas investment losses	(6,664)		(6,664)		
Depreciation		820		820	243
Stock option compensation cost	26,021	10,116	26,021	10,116	3,004
Others	21,750	49,676	6,991	64,435	19,137
	(Won) 402,167	(Won) 224,359	(Won) 52,033	(Won) 574,493	(Won) 170,624

Deferred income taxes adjusted by temporary differences in retained earnings for the years ended December 31, 2002 and 2001 are as follows (in millions of Won):

	2002		2001	
	Temporary Difference	Income Tax Effect	Temporary Difference	Income Tax Effect
Loans converted to equity securities	(Won) 6,489	(Won) 1,927	(Won) 90,948	(Won) 27,012
Unrealized gains (losses) on investment in associates			8,093	2,403
	(Won) 6,489	(Won) 1,927	(Won) 99,041	(Won) 29,415



The statutory income tax rates applicable to the Bank, including resident tax surcharges, are 29.7% and 30.8% for the years ended December 31, 2002 and 2001, respectively. However, the effective tax rates are 30.80% and 32.20% for the years ended December 31, 2002 and 2001, respectively.

Income tax expenses and effective tax rates for the years ended December 31, 2002 and 2001 are as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
Income tax expenses	(Won) 583,327	(Won) 351,686
Net income before income taxes	1,893,618	1,092,251
Effective tax rate	<u>30.80%</u>	<u>32.20%</u>

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****27. Earnings Per Share:**

Earnings per share (EPS) for the years ended December 31, 2002 and 2001 are calculated as follows. As there are no extraordinary gains or losses for the years ended December 31, 2002 and 2001, ordinary income per share is not calculated:

	<u>2002</u>	<u>2001</u>
Net income (in millions of Won)	(Won) 1,310,291	(Won) 740,565
Weighted average number of common shares outstanding	317,786,872	199,825,909
Earnings per share (in Won)	(Won) 4,123	(Won) 3,706

Weighted average number of common shares outstanding for the year ended December 31, 2002 is calculated as follows:

	<u>Number of Shares</u>	<u>Days Outstanding</u>	<u>Weighted Average Number of Shares</u>
Number of common shares outstanding-beginning balance	317,677,416	365	317,677,416
Treasury common stock beginning balance	(31,548)	365	(31,548)
Treasury common stock acquisition during the current period	(3,036,089)	114 ^{1*}	(951,890)
Treasury common stock disposal during the current period	41,548	178 ^{1*}	20,272
Converted portion of convertible bonds	10,581,269	37	1,072,622
Weighted average number of common shares outstanding before dilution			<u>317,786,872</u>

1* As acquisitions and dispositions of treasury stocks occurred frequently during the year ended December 31, 2002, those transactions are recorded in aggregates and weighted average number of common shares outstanding is utilized for the adjustments of the dates.

The convertible bonds converted into common share during the current period and the employee stock options are not potential common shares since convertible bonds are deemed converted as of the beginning of the period and the employee stock options are expected to be settled in cash. As of December 31, 2002, there are no potential common shares.

28. Assets and Liabilities Denominated in Foreign Currencies:

Significant assets and liabilities denominated in foreign currencies as of December 31, 2002 comprise the following:

	Total Balances		Major Denomination Currencies		
	Millions of Won	Thousands of US Dollars ^{1*}	Thousands of US Dollars	Thousands of EC Euro	Thousands of Japanese Yen
Assets					
Cash	(Won) 186,780	\$ 155,598	\$ 63,914	15,676	¥ 7,450,032
Due from banks	509,207	424,197	348,007	2,567	6,062,350
Trading securities	11,842	9,865	9,865		
Investment securities	1,204,785	1,003,653	912,739	4,061	4,427,023
Loans in foreign currencies	4,417,176	3,679,753	2,827,489	68,754	65,532,564
Bills bought	756,300	630,040	588,877	25,336	840,286
Advances for customers	2,223	1,852	1,852		
Call loans	248,857	207,312	202,700	4,000	50,000
Liabilities					
Deposits	1,083,648	902,738	654,567	12,012	17,863,339
Borrowings	3,408,530	2,839,494	2,407,624	58,893	46,007,284
Due to BOK	37,493	31,234	31,234		
Call money	76,666	63,867	14,500		5,679,100
Debentures	789,127	657,387	495,962		
Unsettled foreign exchange liabilities	20,895	17,407	12,772	939	138,208

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

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****29. Related Party Transactions:**

Significant transactions with related parties for the year ended December 31, 2002 are as follows (in millions of Won):

<u>Account</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Transactions Relating to P/L</u>
<u>Kookmin Credit Card Co., Ltd.</u>					
Loans	(Won) 122,526	(Won)	(Won) 1,743	(Won) 120,783	(Won) 17,150
Other assets	1,907	876		2,783	9,528
Deposits	4,687	7,369		12,056	(131)
Borrowings					(1,355)
Other liabilities	18,334	97,271	1,426	114,179	(12,388)
Commissions income					153,271
Commissions expenses					(220)
<u>Kookmin Venture Capital Co., Ltd.</u>					
Loans	96,000		96,000		4,115
Deposits	29,811		13,669	16,142	(1,025)
<u>Kookmin Data System Co., Ltd.</u>					
Deposits	3,676	3,227		6,903	(187)
Other liabilities	879			879	
<u>Kookmin Futures Co., Ltd.</u>					
Due from banks	2,092		1,713	379	5
Deposits	10,646	8,214		18,860	(567)
Other liabilities	620			620	
<u>Kookmin Bank Luxembourg S.A.</u>					
Due from banks		48,337		48,337	148
Loans	218,807	77,168	156,273	139,702	4,789
Other assets		815		815	3,131
Borrowings		24,008		24,008	(80)
Other liabilities	10,058	1,174	155	11,077	(922)
<u>Kookmin Bank International (London) Ltd.</u>					
Due from banks		24,490		24,490	70
Loans	146,911	40,408	1,257	186,062	3,576
Other assets					359
Borrowings	7,670	72,757		80,427	(308)
Other liabilities	1,932	11,313		13,245	(2,691)
<u>Kookmin Finance H.K. Ltd.</u>					
Due from banks	2,030	4,288		6,318	22
Loans	182,052	1,200	7,402	175,850	4,721
Borrowings					(161)
Finance debentures	6,463		6,463		(232)
Other liabilities		5,424		5,424	

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****29. Related Party Transactions, Continued;**

Account	Beginning		Decrease	Ending	
	Balance	Increase		Balance	Transactions Relating P/L
<u>Kookmin Investment Trust Mgt. Co., Ltd.</u>					
Deposits	(Won) 25,326	(Won)	(Won) 23,978	(Won) 1,348	(Won) (802)
<u>KB Real Estate Trust Co., Ltd.</u>					
Loans	40,000		10,000	30,000	3,005
Deposits	241	104,513		104,754	(4)
Guarantee deposits received	1,797		15	1,782	
Guarantees and acceptances	53		53		
<u>KB Credit Information Co., Ltd.</u>					
Deposits	7,838	1,658		9,496	(444)
Guarantee deposits received	1,566	1,225		2,791	176
Accounts payable	1,584	1,013		2,597	
Commissions expenses					(26,894)

30. Transactions with Financial Institutions:

The assets and liabilities related to transactions with financial institutions for the year ended December 31, 2002 are as follows (in millions of Won):

Accounts	Description	The Bank of Korea	Other		Total
			Banks	Other Financial Institutions	
Cash and due from banks	Due from banks in Won	(Won) 1,340,482	(Won) 41,584	(Won) 140,000	(Won) 1,522,066
	Due from banks in foreign currencies	25,677	478,466	5,064	509,207
		1,366,159	520,050	145,064	2,031,273
Loans	Loans in Won		20,941	727,747	748,688
	Loans in foreign currencies		1,187,649		1,187,649
	Call loans		371,744		371,744

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	Privately placed debentures			60,683	60,683
			1,580,334	788,430	2,368,764
Deposits	Deposits in Won		1,087,401	2,478,252	3,565,653
	Deposits in foreign currencies				
			1,087,401	2,478,252	3,565,653
Borrowings	Borrowings in Won	671,854	324,913	9,192	1,005,959
	Borrowings in foreign currencies		2,404,110	23,092	2,427,202
	Others	37,493	106,866	799,100	943,459
		709,347	2,835,889	831,384	4,376,620
Debentures	Debentures in Won		336,500	334,900	671,400
	Debentures in foreign currencies		789,127		789,127
			1,125,627	334,900	1,460,527

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****31. Interest Bearing Assets and Liabilities:**

Assets and liabilities bearing interest income and interest expenses for the year ended December 31, 2002 are as follows (in millions of Won):

<u>Account</u>	<u>Average Balance</u>	<u>Interest Income</u>	<u>Average Yield (%)</u>
Due from banks	(Won) 1,295,312	(Won) 51,580	3.98
Trading securities	1,684,790	95,576	5.67
Investment securities	20,028,067	1,488,517	7.43
Loans	117,775,057	9,251,849	7.86
	<u>(Won) 140,783,226</u>	<u>(Won) 10,887,522</u>	

<u>Account</u>	<u>Average Balance</u>	<u>Interest Expenses</u>	<u>Average Yield (%)</u>
Deposits	(Won) 119,741,360	(Won) 4,770,967	3.98
Borrowings	10,412,792	415,938	3.99
Debentures	12,154,162	830,219	6.83
	<u>(Won) 142,308,314</u>	<u>(Won) 6,017,124</u>	

32. Operations of the Trust Accounts:

Assets and liabilities of the trust accounts as of December 31, 2002 are classified as principal or dividend guarantee money trusts, performance money trusts, and property trusts as follows (in millions of Won):

	<u>Guarantee Money Trusts</u>	<u>Performance Money Trusts</u>	<u>Property Trusts</u>	<u>Total</u>
Securities	(Won) 3,795,316	(Won) 11,030,654	(Won) 175,049	(Won) 15,001,019
Loans	168,740	406,672		575,412

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Receivables			26,669,409	26,669,409
Due from banking accounts	102,570	340,379	14,992	457,941
Present value discounts	(1,745)	(26)		(1,771)
Allowance for loan losses	(94,830)	(95,587)		(190,417)
Other assets	87,046	238,312	573	325,931
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	(Won) 4,057,097	(Won) 11,920,404	(Won) 26,860,023	(Won) 42,837,524
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Trusts	(Won) 3,787,286	(Won) 11,568,999	(Won) 26,852,684	(Won) 42,208,969
Borrowings	37,882			37,882
Reserves for future losses	45,755			45,755
Other liabilities	186,174	351,405	7,339	544,918
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	(Won) 4,057,097	(Won) 11,920,404	(Won) 26,860,023	(Won) 42,837,524
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****32. Operations of the Trust Accounts, Continued;**

The Bank is liable as of December 31, 2002 for the following portion of the difference between the book value and fair value of principal or dividend guarantee money trusts (in millions of Won):

	<u>Book Value</u>	<u>Fair Value</u>	<u>Liable Amount</u>
Principal guarantee money trusts	(Won) 3,957,584	(Won) 3,971,814	(Won)
Principal and dividend guarantee money trusts	99,513	99,573	
	<u>(Won) 4,057,097</u>	<u>(Won) 4,071,387</u>	<u>(Won)</u>

The results of operations of the money trust accounts, from the Bank's management accounting point of view, for the year ended December 31, 2002 are as follows (in millions of Won):

<u>Trust Account Related Income</u>		<u>Trust Account Related Expenses</u>	
Gain on trust management	(Won) 300,686	Interest expense on borrowings from trust accounts	(Won) 24,240
Early withdrawal penalties	288	Loss on trust management	
Interest income on loans to trust accounts	5,732		
	<u>(Won) 306,706</u>		<u>(Won) 24,240</u>

33. Business Combination with H&CB:

The Bank entered into a business combination contract (the Contract) with H&CB on April 23, 2001 and obtained approval from the shareholders for such combination on September 29, 2001. In accordance with the Contract, the Bank completed the legal consolidation with H&CB as of October 31, 2001. Under the Contract, the shareholders of the Bank and H&CB received 1 new common share of the Bank for 1.688346 old shares of the Bank and 1 share of H&CB, respectively. The new common shares of the Bank were listed on the Korea Stock

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Exchange on November 9, 2001. Despite the legal form of consolidation, the business combination was accounted for as an acquisition with the Bank as acquirer of H&CB's total assets of (Won)67,742,958 million and liabilities of (Won)64,381,185 million.

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

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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****34. Statement of Cash Flows:**

Cash and cash equivalents as of December 31, 2002 and 2001 as presented in the statements of cash flows comprise the following (in millions of Won):

	<u>2002</u>	<u>2001</u>
Cash on hand	(Won) 2,392,346	(Won) 2,553,258
Cash in foreign currencies	186,780	147,313
Due from banks in Won	1,532,179	4,656,228
Due from banks in foreign currencies	509,207	175,693
	<u>4,620,512</u>	<u>7,532,492</u>
Restricted deposits	1,519,931	4,359,176
	<u>(Won) 3,100,581</u>	<u>(Won) 3,173,316</u>

Major transactions that do not involve cash inflows and cash outflows for the years ended December 31, 2002 and 2001 are presented as follows (in millions of Won):

	<u>2002</u>	<u>2001</u>
Unrealized gains on investment securities	(Won) 86,164	(Won) 65,717
Conversion of convertible bonds	234,100	31,864
Stock dividends	89,900	
Adjustments in assets and liabilities due to the equity method	4,562	68,184
Write-offs of loans	1,527,311	1,093,470
Loan restructuring	122,043	174,824
Sale of non-performing loans	65,174	368,868
Conversion of loans to equity securities	109,931	
Retained earnings appropriation for dividends	325,233	119,867
Business combination with H&CB		68,448,066
Extinguishments of preferred stock		200,000

Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****35. Business Segments:**

The Bank is organized into five major business segments: retail banking, corporate banking, capital markets activities, credit card operations, and others. These business segments are based on the nature of the products and services provided, the type or class of customer, and the Bank's management organization, and provide the basis on which the Bank reports its primary segment information.

The following table shows the distribution of the Bank's operations by business segment as of and for the year ended December 31, 2002 (in millions of Won):

	Retail Banking	Corporate Banking	Capital Markets Activities	Credit Card Operations	Others	Total
Loans	(Won) 73,275,031	(Won) 42,569,461	(Won) 5,332,467	(Won) 5,464,316	(Won) 89,286	(Won) 126,730,561
Securities			30,940,750			30,940,750
Fixed assets	1,905,980	417,194	153,393	291,634	324,415	3,092,616
Other assets	3,153,700	166,650	2,929,074	116,495	4,368,995	10,734,914
Total assets	(Won) 78,334,711	(Won) 43,153,305	(Won) 39,355,684	(Won) 5,872,445	(Won) 4,782,696	(Won) 171,498,841
Operating revenue	(Won) 5,503,719	(Won) 2,976,862	(Won) 4,836,692	(Won) 1,188,435	(Won) 1,078,793	(Won) 15,584,501

The Bank principally operates in Korea. Secondary segments are geographically oriented and are segregated into two segments: domestic and overseas operations. The following table shows the distribution of the Bank's operations by geographical market as of and for the year ended December 31, 2002 (in millions of Won):

	Domestic	Overseas	Total
Loans	(Won) 126,101,520	(Won) 629,041	(Won) 126,730,561
Securities	30,866,435	74,315	30,940,750
Fixed assets	3,089,528	3,088	3,092,616
Other assets	10,670,487	64,427	10,734,914
Total assets	(Won) 170,727,970	(Won) 770,871	(Won) 171,498,841

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Operating revenue	<u>(Won) 15,516,161</u>	<u>(Won) 68,340</u>	<u>(Won) 15,584,501</u>
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Table of Contents**KOOKMIN BANK****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****December 31, 2002 and 2001****36. Values Added Calculation:**

Major accounts included in general and administrative expenses to measure values added for the years ended December 31, 2002 and 2001 are as follows (in millions of Won):

	2002	2001
Salaries and wages	(Won) 1,121,336	(Won) 541,869
Retirement benefits	100,198	112,366
Other employee benefits	253,464	360,549
Rent	49,792	21,409
Depreciation	311,487	103,334
Amortization	78,444	13,537
Taxes and dues	106,612	65,693
	(Won) 2,021,333	(Won) 1,218,757

37. Reclassification of prior year financial statement presentation :

Certain accounts of financial statements as of and for the year ended December 31, 2001 have been reclassified to conform to the 2002 presentation. These reclassifications had no effect on previously reported net income or stockholders' equity.