

KOOKMIN BANK  
Form 6-K  
November 27, 2002  
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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 6-K**

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

For the month of November 2002

**Kookmin Bank**

(Translation of registrant's name into English)

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

(Address of principal executive office)

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

Form 20-F  Form 40-F

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

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

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 the Third Quarter Report**

On November 14, 2002, Kookmin Bank filed a third quarter 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

**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.

As of September 30, 2002, 317,677,416 shares of common stock were issued and outstanding with paid-in capital of W1,588,387 million. All of the issued and outstanding shares are fully-paid and non-assessable, and are in registered form.

**Table of Contents****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 its current level of W22,124 per share, and these bonds could be converted currently into 10,581,269 shares.

**1.3.3. Treasury Stock**

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

(As of October 31, 2002, Unit: in thousands of Won unless otherwise indicated)

| <u>Date</u>                           | <u>Reason</u>  | <u>Number of shares</u>                          | <u>Cost</u>        | <u>Cost per one share</u> |
|---------------------------------------|--|--|--------------------|---------------------------|
| 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 for Exercise of stock option                         | 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 <sup>1</sup> | Acquisition pursuant to the Securities and Exchange Act of Korea | 3,000,000 shares                                 | 147,632,489        | 49,210 Won                |
| <b>Total</b>                          |  | <b>Outstanding balance:<br/>3,036,089 shares</b> | <b>149,464,984</b> |                           |

- On July 26, 2002, Kookmin Bank's board of directors has 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.

**Table of Contents****1.3.4. Stock Option**

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

(As of October 24, 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, Presidnet&CEO      | 01-Nov-01       | 31-Oct-04 | 5,000          | 400,000                    | 310,000                     | 90,000                        |
| 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  | Sunjo Kim           | Executive Vice President     | 28-Feb-02       | 27-Feb-05 | 13,900         | 10,000                     | 10,000                      | 0                             |
| 27-Feb-99  | Jehyung Jo          | Executive Vice President     | 28-Feb-02       | 27-Feb-05 | 13,900         | 30,000                     | 30,000                      | 0                             |
| 27-Feb-99  | Hogi Baek           | Executive Vice President     | 28-Feb-02       | 27-Feb-05 | 13,900         | 20,000                     | 20,000                      | 0                             |
| 27-Feb-99  | Bruce Willison      | Non Executive Director       | 28-Feb-02       | 27-Feb-05 | 13,900         | 10,000                     | 10,000                      | 0                             |
| 28-Feb-00  | Jan Op de Beeck     | Executive Vice President     | 01-Mar-03       | 28-Feb-06 | 27,600         | 22,490                     | 0                           | 22,490                        |
| 28-Feb-00  | Sungchul Kim        | Executive Vice President     | 01-Mar-03       | 28-Feb-06 | 27,600         | 30,000                     | 0                           | 30,000                        |
| 28-Feb-00  | Woojung Lee         | Executive Vice President     | 01-Mar-03       | 28-Feb-06 | 27,600         | 30,000                     | 0                           | 30,000                        |
| 28-Feb-00  | Kukju Kwon          | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 4,800                      | 0                           | 4,800                         |
| 28-Feb-00  | Sunjin Kim          | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 7,000                      | 0                           | 7,000                         |
| 28-Feb-00  | Joon Park           | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 4,800                      | 0                           | 4,800                         |
| 28-Feb-00  | Moonsoul Chung      | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 7,000                      | 0                           | 7,000                         |
| 28-Feb-00  | Juhyun Yoon         | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 4,800                      | 0                           | 4,800                         |
| 28-Feb-00  | Heungsoon Chang     | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 2,486                      | 0                           | 2,486                         |
| 28-Feb-00  | Injoon Kang         | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 2,486                      | 0                           | 2,486                         |
| 28-Feb-00  | Sunhee Jwa          | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 4,800                      | 0                           | 4,800                         |
| 28-Feb-00  | Seungwoo Nam        | Non Executive Director       | 01-Mar-03       | 28-Feb-06 | 27,600         | 1,928                      | 0                           | 1,928                         |
| 28-Feb-00  | 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 has 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  | Jongkok 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  | Seunghoon Han       | Non Executive Director       | 16-Mar-04       | 15-Mar-09 | 28,027         | 1,870                      | 0                           | 1,870                         |
| 15-Mar-01  | Youngseok Kim       | Non Executive Director       | 16-Mar-04       | 15-Mar-09 | 28,027         | 1,870                      | 0                           | 1,870                         |
| 15-Mar-01  | Sewoong Lee         | Non Executive Director       | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Changki Min         | Non Executive Director       | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Bockwoan Kim        | Executive Vice President     | 16-Mar-04       | 15-Mar-09 | 28,027         | 11,845                     | 0                           | 11,845                        |
| 15-Mar-01  | Yoohwan Kim         | Executive Vice President     | 16-Mar-04       | 15-Mar-09 | 28,027         | 11,845                     | 0                           | 11,845                        |
| 15-Mar-01  | Dukhyun Kim         | Executive Vice President     | 16-Mar-04       | 15-Mar-09 | 28,027         | 11,845                     | 0                           | 11,845                        |
| 15-Mar-01  | Yoonok Hyun         | Executive Vice President     | 16-Mar-04       | 15-Mar-09 | 28,027         | 11,845                     | 0                           | 11,845                        |
| 15-Mar-01  | Taigon Kim          | Executive Vice President     | 16-Mar-04       | 15-Mar-09 | 28,027         | 11,845                     | 0                           | 11,845                        |
| 15-Mar-01  | Byungsang Kim       | Executive Vice President     | 16-Mar-04       | 15-Mar-09 | 28,027         | 11,845                     | 0                           | 11,845                        |
| 15-Mar-01  | Byungjin Kim        | Executive Vice President     | 16-Mar-04       | 15-Mar-09 | 28,027         | 11,845                     | 0                           | 11,845                        |
| 15-Mar-01  | Jihan Koo           | Head of Regional Head Office | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Dongsoon Park       | Head of Regional Head Office | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Hoosang Chang       | Head of Regional Head Office | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Sanghoon Lee        | Head of Regional Head Office | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Jaemin Suh          | Head of Regional Head Office | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Sunghyun Chung      | Head of Regional Head Office | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 15-Mar-01  | Jonghwa Lee         | Head of Regional Head Office | 16-Mar-04       | 15-Mar-09 | 28,027         | 2,961                      | 0                           | 2,961                         |
| 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  | Joosup 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  | Byungdo 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 <sub>1</sub> | 200,000 <sub>2</sub>       | 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 | Y <sub>3</sub> | 10,000                     | 0                           | 10,000                        |
| 22-Mar-02  | Dongsoo Chung       | Non Executive Director     | 23-Mar-05       | 22-Mar-10 |                | 10,000                     | 0                           | 10,000                        |
| 22-Mar-02  | Jihong Kim          | Non Executive Director     | 23-Mar-05       | 22-Mar-10 |                | 10,000                     | 0                           | 10,000                        |
| 22-Mar-02  | Timothy Hartman     | Non Executive Director     | 23-Mar-05       | 22-Mar-10 |                | 10,000                     | 0                           | 10,000                        |

- 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.
- Conditional options up to 200,000: Additional shares shall be granted if the average closing price of Kookmin Bank's stock from August 17, 2004 to November 16, 2004 (or for the three months prior to his resignation, if he resigns earlier than his original tenure) is higher than the stock prices of any other bank listed on the Korea Stock Exchange. The number of options to be granted shall be based on total score, which calculated by the earned total scores of both ROE and market capitalization on November 17, 2004 (or on the date of his resignation, if he resigns earlier than his original tenure). The additional shares will not be exercisable if the CEO works less than 18 months or the earned total score is less than 80 points.
- 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 |                | 3,000                      | 0                           | 3,000                         |
| 22-Mar-02  | Moonsoul Chung      | Non Executive Director       | 23-Mar-05       | 22-Mar-10 | Y              | 3,000                      | 0                           | 3,000                         |
| 22-Mar-02  | Kyunghee Yoon       | Non Executive Director       | 23-Mar-05       | 22-Mar-10 |                | 3,000                      | 0                           | 3,000                         |
| 22-Mar-02  | Jongkyoo Yoon       | Executive Vice President     | 23-Mar-05       | 22-Mar-10 | 57,100         | 30,000                     | 0                           | 30,000                        |
| 22-Mar-02  | Bonghwan Cho        | Executive Vice President     | 23-Mar-05       | 22-Mar-10 | 57,100         | 30,000                     | 0                           | 30,000                        |
| 22-Mar-02  | Jaerin 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  | Jaeil Song          | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Hyunggoo Shim       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Junghaeng Lee       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Joonsup Chang       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Youngno Lee         | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Dongsoon Park       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Sungbin Kim         | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Sungbok Park        | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Yeonkun Chung       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Mahnsoo Song        | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 15,000                     | 0                           | 15,000                        |
| 22-Mar-02  | Jeongyeon Kim       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 5,000                      | 0                           | 5,000                         |
| 22-Mar-02  | Hakyeon Jeong       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 5,000                      | 0                           | 5,000                         |
| 22-Mar-02  | Jongwhan Byun       | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 5,000                      | 0                           | 5,000                         |
| 22-Mar-02  | Jaehan Kim          | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 5,000                      | 0                           | 5,000                         |
| 22-Mar-02  | Jongok Na           | Head of Regional Head Office | 23-Mar-05       | 22-Mar-10 | 57,100         | 5,000                      | 0                           | 5,000                         |
| 26-Jul-02  | Donald MacKenzie    | Executive Vice President     | 27-Jul-05       | 26-Jul-10 | 58,800         | 30,000                     | 0                           | 30,000                        |
| Total      |                     |                              |                 |           |                | 2,681,339                  | 530,108                     | 2,151,231                     |

**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, shares, and %)

|   | 2001                 | 2000    | 1999    |
|---|----------------------|---------|---------|
| Net income for the period               | 740,565              | 719,700 | 107,901 |
| Earnings per share (Won)                | 3,706 <sub>1</sub>   | 2,403   | 388     |
| Maximum amount available for dividend   | 604,984 <sub>2</sub> | 614,046 | 22,129  |
| Total dividends amount                  | 119,866              | 151,009 | 16,938  |
| Dividend payout ratio                   | 16.19 <sub>3</sub>   | 20.76   | 13.80   |
| Cash dividends per common share (Won)   | 400                  | 500     | 50      |
| Stock dividends per common share (%)    | 6                    |         |         |
| Dividends per preferred share (Won)     |                      | 50      | 50      |
| Dividend yield ratio                    | 0.80 <sub>4</sub>    | 3.36    | 0.28    |
| Net asset value per common share (Won)  | 29,742 <sub>5</sub>  | 12,533  | 13,079  |
| Ordinary income per common shares (Won) | 3,706                | 2,403   | 388     |

1. Earnings per share = net income (740,565,213,105 Won) / weighted average number of shares (199,825,909 shares)
2. Maximum amount available for dividend = retained earnings before appropriations (672,418 millions of Won) + transferred from prior years reserves (8,483 millions of Won) - appropriated amount pursuant to the relevant rules and regulations (75,917 millions of Won)
3. Dividend payout ratio = total dividend amount for common shares (119,866,365,600 Won) / net income (740,565,213,105 Won).
4. Dividend yield ratio = dividend per share (400 Won) / market closing price for December 31, 2001 (49,800 Won)
5. Net asset value per common share = total shareholders equity (8,913,542 millions of Won) / total issued shares as of December 31, 2001 (299,697,462 shares).

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

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

We have developed one of the most extensive domestic branch networks, with 1,108 domestic branches and sub-branches as of September 30, 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.

(Units: in 100 millions of Won, %)

|                     | September 30, 2002 |            | December 31, 2001 |            | December 31, 2000 |            |
|---------------------|--------------------|------------|-------------------|------------|-------------------|------------|
|                     | Amount             | %          | Amount            | %          | Amount            | %          |
| Kookmin Bank        | 1,221,923          | 32.3       | 1,140,587         | 33.7       | 1,024,784         | 33.8       |
| Woori Bank          | 572,855            | 15.2       | 513,903           | 15.2       | 486,305           | 16.0       |
| Chohung Bank        | 398,672            | 10.6       | 355,967           | 10.5       | 312,699           | 10.3       |
| Hana Bank           | 347,314            | 9.2        | 322,652           | 9.5        | 275,777           | 9.1        |
| Shinhan Bank        | 329,334            | 8.7        | 301,285           | 8.9        | 263,513           | 8.7        |
| Korea Exchange Bank | 291,759            | 7.7        | 253,284           | 7.5        | 215,049           | 7.1        |
| Korea First Bank    | 226,932            | 6.0        | 171,800           | 5.1        | 163,302           | 5.4        |
| KorAm Bank          | 200,318            | 5.3        | 171,834           | 5.1        | 167,843           | 5.5        |
| Seoul Bank          | 188,658            | 5.0        | 151,458           | 4.5        | 123,404           | 4.1        |
| <b>Total</b>        | <b>3,777,765</b>   | <b>100</b> | <b>3,382,770</b>  | <b>100</b> | <b>3,032,676</b>  | <b>100</b> |

**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.

(Units: in 100 millions of Won, %)

|                     | September 30, 2002 |            | December 31, 2001 |            | December 31, 2000 |            |
|---------------------|--------------------|------------|-------------------|------------|-------------------|------------|
|                     | Amount             | %          | Amount            | %          | Amount            | %          |
| Kookmin Bank        | 706,027            | 41.2       | 601,536           | 47.2       | 488,734           | 56.2       |
| Woori Bank          | 214,599            | 12.5       | 132,501           | 10.4       | 84,896            | 9.8        |
| Shinhan Bank        | 154,238            | 9.0        | 107,729           | 8.4        | 56,987            | 6.5        |
| Chohung Bank        | 148,752            | 8.7        | 90,723            | 7.1        | 53,855            | 6.2        |
| Hana Bank           | 143,815            | 8.4        | 105,143           | 8.2        | 53,337            | 6.1        |
| Korea First Bank    | 99,895             | 5.8        | 78,874            | 6.2        | 50,326            | 5.8        |
| Korea Exchange Bank | 91,597             | 5.4        | 64,053            | 5.0        | 36,752            | 4.2        |
| Seoul Bank          | 81,836             | 4.8        | 53,156            | 4.2        | 17,435            | 2.0        |
| KorAm Bank          | 72,014             | 4.2        | 41,807            | 3.3        | 27,742            | 3.2        |
| <b>Total</b>        | <b>1,712,773</b>   | <b>100</b> | <b>1,275,522</b>  | <b>100</b> | <b>870,064</b>    | <b>100</b> |

**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.

(Units: in 100 millions of Won, %)

|                     | September 30, 2002 |            | December 31, 2001 |            | December 31, 2000 |            |
|---------------------|--------------------|------------|-------------------|------------|-------------------|------------|
|                     | Amount             | %          | Amount            | %          | Amount            | %          |
| Kookmin Bank        | 314,645            | 80.9       | 253,495           | 87.4       | 226,460           | 90.7       |
| Woori Bank          | 19,360             | 5.0        | 10,998            | 3.8        | 11,042            | 4.4        |
| Hana Bank           | 14,593             | 3.8        | 7,552             | 2.6        | 2,017             | 0.8        |
| Korea Exchange Bank | 14,520             | 3.7        | 8,719             | 3.0        | 2,394             | 1.0        |
| KorAm Bank          | 7,822              | 2.0        | 2,432             | 0.8        | 2,264             | 0.9        |
| Shinhan Bank        | 7,305              | 1.9        | 2,943             | 1.0        | 2,374             | 1.0        |
| Seoul Bank          | 6,355              | 1.6        | 1,078             | 0.4        | 862               | 0.3        |
| Chohung Bank        | 3,133              | 0.8        | 2,326             | 0.8        | 1,702             | 0.7        |
| Korea First Bank    | 976                | 0.3        | 658               | 0.2        | 550               | 0.2        |
| <b>Total</b>        | <b>388,709</b>     | <b>100</b> | <b>290,201</b>    | <b>100</b> | <b>249,665</b>    | <b>100</b> |

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

(Unit: in millions of Won)

|                  |                                 | September 30, 2002 |                      | December 31, 2001  |                      | December 31, 2000  |                      |
|------------------|---------------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
|                  |                                 | Average<br>balance | Interest<br>rate (%) | Average<br>balance | Interest<br>rate (%) | Average<br>balance | Interest<br>rate (%) |
| Won currency     | Deposits and Mutual installment | 112,385,172        | 4.27                 | 63,743,997         | 5.53                 | 47,038,144         | 6.18                 |
|                  | Certificate of deposit          | 1,869,185          | 4.76                 | 2,022,414          | 6.10                 | 1,910,630          | 6.99                 |
|                  | Borrowings                      | 4,687,222          | 4.47                 | 3,784,147          | 4.85                 | 3,317,619          | 6.43                 |
|                  | Call money                      | 1,089,947          | 3.99                 | 403,937            | 4.11                 | 562,807            | 4.89                 |
|                  | Other                           | 12,702,223         | 6.97                 | 9,112,858          | 7.57                 | 5,799,092          | 10.78                |
| Subtotal         |                                 | 132,733,749        | 4.54                 | 79,067,353         | 5.74                 | 56,628,292         | 6.67                 |
| Foreign currency | Deposits                        | 1,083,844          | 1.32                 | 952,701            | 3.08                 | 882,344            | 5.20                 |
|                  | Borrowings                      | 2,191,757          | 2.65                 | 2,018,537          | 5.47                 | 2,725,810          | 7.10                 |
|                  | Call money                      | 328,095            | 1.71                 | 223,156            | 3.67                 | 193,324            | 6.31                 |
|                  | Finance debentures              | 1,122,501          | 3.63                 | 1,430,804          | 5.68                 | 1,521,343          | 7.75                 |
|                  | Other                           | 20,338             |                      | 15,081             |                      | 13,666             |                      |
| Subtotal         |                                 | 4,746,536          | 2.63                 | 4,640,279          | 5.32                 | 5,336,487          | 7.20                 |
| Other            | Total Shareholders Equity       | 10,248,391         |                      | 7,463,687          |                      | 5,001,918          |                      |
|                  | Allowance for credit losses     | 65,074             |                      | 353,183            |                      | 519,496            |                      |
|                  | Other                           | 8,270,235          |                      | 4,065,899          |                      | 3,032,325          |                      |
| Subtotal         |                                 | 18,583,700         |                      | 11,882,769         |                      | 8,553,739          |                      |
| Total            |                                 | 156,063,984        | 3.94                 | 95,590,401         | 5.00                 | 72,518,518         | 5.92                 |

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

(Unit: in millions of Won)

|                  |  | September 30, 2002 |                      | December 31, 2001  |                      | December 31, 2000  |                      |
|------------------|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
|                  |  | Average<br>balance | Interest<br>rate (%) | Average<br>balance | Interest<br>rate (%) | Average<br>balance | Interest<br>rate (%) |
| Won currency     | Loans                                  | 102,152,955        | 7.88                 | 53,575,082         | 8.87                 | 38,301,330         | 9.71                 |
|                  | Advances for customers                 | 96,544             | 4.12                 | 127,704            | 3.84                 | 337,987            | 4.62                 |
|                  | Call loan                              | 872,710            | 4.33                 | 1,765,067          | 4.80                 | 524,653            | 6.59                 |
|                  | Due from banks                         | 1,102,690          | 4.59                 | 1,339,572          | 5.60                 | 3,276,652          | 7.39                 |
|                  | Securities                             | 30,365,243         | 5.66                 | 23,861,424         | 6.78                 | 18,030,147         | 9.38                 |
|                  | Other                                  | 490,133            |                      | 614,014            |                      | 145,983            |                      |
|                  | Private placement corporate bonds      | 1,733,142          | 6.74                 | 2,065,179          | 10.32                | 1,878,194          | 9.21                 |
|                  | Credit card accounts                   | 5,564,866          | 10.49                | 912,210            | 17.63                | 565,673            | 10.54                |
|                  | Allowance for credit losses ( )        | 1,504,583          |                      | 1,297,930          |                      | 1,224,823          |                      |
|                  | <b>Subtotal</b>                        |                    | <b>140,873,700</b>   | <b>7.58</b>        | <b>82,962,322</b>    | <b>8.50</b>        | <b>61,835,796</b>    |
| Foreign currency | Loans                                  | 3,678,092          | 3.09                 | 3,870,853          | 5.66                 | 3,073,781          | 7.69                 |
|                  | Call loan                              | 210,625            | 2.01                 | 185,466            | 4.15                 | 209,312            | 6.88                 |
|                  | Due from banks                         | 142,321            | 1.39                 | 121,994            | 3.28                 | 1,335,708          | 7.50                 |
|                  | Bills bought                           | 867,404            | 4.92                 | 1,045,331          | 7.60                 | 719,683            | 10.16                |
|                  | Securities                             | 1,283,633          | 9.56                 | 1,079,359          | 9.13                 | 961,991            | 12.48                |
|                  | Other                                  | 19,022             |                      | 116,454            |                      |                    |                      |
|                  | Allowance for credit losses ( )        | 277,401            |                      | 116,454            |                      | 452,210            |                      |
| <b>Subtotal</b>  |  | <b>5,923,696</b>   | <b>4.94</b>          | <b>6,152,844</b>   | <b>7.11</b>          | <b>5,848,355</b>   | <b>9.40</b>          |
| Other            | Cash                                   | 882,417            |                      | 530,451            |                      | 421,390            |                      |
|                  | Fixed assets used for business purpose | 3,049,764          |                      | 1,462,413          |                      | 1,298,813          |                      |
|                  | Other                                  | 5,334,407          |                      | 4,482,371          |                      | 3,114,164          |                      |
| <b>Subtotal</b>  |  | <b>9,266,588</b>   |                      | <b>6,475,235</b>   |                      | <b>4,834,367</b>   |                      |
| <b>Total</b>     |  | <b>156,063,984</b> | <b>7.03</b>          | <b>95,590,401</b>  | <b>7.83</b>          | <b>72,518,518</b>  | <b>9.06</b>          |



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**2.4. Principal Banking Activities**

**2.4.1. Deposits**

The following table shows the average balances of our deposits for the past two years and for the first nine months ended September 30, 2002 and ending balances as of the dates indicated.

(Unit: in millions of Won)

|                              |                                | September 30, 2002 |                | December 31, 2001 |                | December 31, 2000 |                |
|------------------------------|--------------------------------|--------------------|----------------|-------------------|----------------|-------------------|----------------|
|                              |                                | Average balance    | Ending balance | Average balance   | Ending balance | Average balance   | Ending balance |
| Deposits in Won              | Demand deposits                | 10,324,260         | 12,520,359     | 4,832,281         | 10,824,005     | 3,720,546         | 4,173,966      |
|                              | Time & savings deposits        | 92,765,950         | 95,079,757     | 53,496,908        | 89,080,935     | 40,279,328        | 43,495,480     |
|                              | Mutual installment deposits    | 8,245,049          | 7,604,811      | 6,469,772         | 8,871,193      | 4,632,965         | 5,521,161      |
|                              | Mutual installment for housing | 4,362,565          | 4,660,379      | 928,398           | 4,128,489      | 73,831            | 204,111        |
|                              | Certificates of deposits       | 1,869,185          | 2,327,069      | 2,022,414         | 1,154,056      | 1,910,630         | 2,424,947      |
| Subtotal                     |                                | 117,567,009        | 122,192,375    | 67,749,773        | 114,058,678    | 50,617,300        | 55,819,665     |
| Deposits in foreign currency |                                | 1,083,844          | 986,415        | 952,701           | 1,102,626      | 858,330           | 702,481        |
| Trust deposits               | Money trust                    | 17,715,948         | 16,340,721     | 20,375,456        | 19,739,709     | 22,279,546        | 20,349,257     |
|                              | Property trust                 | 19,820,158         | 20,229,269     | 5,409,033         | 12,559,922     | 92,838            | 875,984        |
| Subtotal                     |                                | 37,536,106         | 36,569,990     | 25,784,489        | 32,299,631     | 22,372,384        | 21,225,241     |
| Total                        |                                | 156,186,959        | 159,748,780    | 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)

|                 | September 30, 2002 | December 31, 2001 | December 31, 2000 |
|-----------------|--------------------|-------------------|-------------------|
| Deposits        | 122,370            | 133,548           | 120,422           |
| Deposits in Won | 121,548            | 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.

|                 | September 30, 2002 | December 31, 2001 | (Unit: in millions of Won)<br>December 31, 2000 |
|-----------------|--------------------|-------------------|---|
| Deposits        | 7,192              | 7,243             | 5,917   |
| Deposits in Won | 7,143              | 7,176             | 5,852   |

**2.4.4. Loan Balances**

The following table shows the average balances of our loans for the past two years and for the first nine months ended September 30, 2002 and ending balances as of the dates indicated.

|                           | September 30, 2002 |                    | December 31, 2001 |                    | (Unit: in millions of Won)<br>December 31, 2000 |                   |
|---------------------------|--------------------|--------------------|-------------------|--------------------|---|-------------------|
|                           | Average balance    | Ending balance     | Average balance   | Ending balance     | Average balance                                 | Ending balance    |
| Loans in Won              | 102,110,345        | 110,947,427        | 53,498,087        | 94,698,769         | 38,301,330                                      | 43,436,111        |
| Loans in foreign currency | 3,683,440          | 3,521,209          | 3,924,562         | 4,174,237          | 3,077,642                                       | 2,970,653         |
| Advances to customers     | 115,566            | 73,337             | 244,158           | 199,831            | 337,987   | 240,992           |
| <b>Subtotal</b>           | <b>105,909,351</b> | <b>114,541,973</b> | <b>57,666,807</b> | <b>99,072,837</b>  | <b>41,716,959</b>                               | <b>46,647,756</b> |
| Trust account loans       | 848,871            | 653,829            | 2,194,851         | 1,117,817          | 4,216,018                                       | 3,170,756         |
| <b>Total</b>              | <b>106,758,222</b> | <b>115,195,802</b> | <b>59,861,658</b> | <b>100,190,654</b> | <b>45,932,977</b>                               | <b>49,818,512</b> |

**2.4.5. Loan Balances as of September 30, 2002 by Remaining Maturities**

|                             | (Unit: in millions of Won) |                                    |                                     |                   |             |
|-----------------------------|----------------------------|------------------------------------|-------------------------------------|-------------------|-------------|
|                             | Less than 1 year           | More than 1 year-less than 3 years | More than 3 years-less than 5 years | More than 5 years | Total       |
| Loans in Won                | 51,317,450                 | 40,589,920                         | 6,662,271                           | 12,377,786        | 110,947,427 |
| Loans in foreign currencies | 2,281,230                  | 580,091                            | 197,474                             | 462,414           | 3,521,209   |

**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) |                   |                   |
|-------------------------------------|----------------------|----------------------------|-------------------|-------------------|
|                                     |                      | September 30, 2002         | December 31, 2001 | December 31, 2000 |
| Loans to enterprise                 | Loans for operations | 34,332,289                 | 29,286,707        | 20,899,277        |
|                                     | Loans for equipments | 5,163,467                  | 4,434,447         | 4,393,664         |
| Loans to households                 |                      | 39,177,012                 | 34,648,918        | 14,215,303        |
| Loans to public sector & others     | Loans for operations | 738,637                    | 737,206           | 1,914,841         |
|                                     | Loans for equipment  | 50,493                     | 57,211            | 49,508            |
| Loans on property formation savings |                      | 101,986                    | 155,201           | 248,271           |
| Loans for housing                   |                      | 31,318,266                 | 25,342,969        | 1,663,904         |
| Inter-bank loans                    |                      | 24,598                     | 36,110            | 51,343            |
| Others                              |                      | 40,679                     |                   |                   |
| <b>Total</b>                        |                      | <b>110,947,427</b>         | <b>94,698,769</b> | <b>43,436,111</b> |

**2.4.7. Loan to Deposit Ratio**

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

|                                    |  | (Units: in millions of Won, %) |                   |                   |
|------------------------------------|--|--------------------------------|-------------------|-------------------|
|                                    |  | September 30, 2002             | December 31, 2001 | December 31, 2000 |
| Loans <sup>1</sup> (A)             |  | 102,110,345                    | 53,498,087        | 38,301,330        |
| Deposits <sup>2</sup> (B)          |  | 117,567,009                    | 67,749,773        | 50,617,300        |
| <b>Loan to deposit ratio (A/B)</b> |  | <b>86.85</b>                   | <b>78.96</b>      | <b>75.67</b>      |

**2.4.8. Guarantees and Acceptances**

|              |  | (Unit: in millions of Won) |                   |                   |
|--------------|--|----------------------------|-------------------|-------------------|
|              |  | September 30, 2002         | December 31, 2001 | December 31, 2000 |
| Confirmed    |  | 3,009,302                  | 3,521,970         | 3,035,968         |
| Unconfirmed  |  | 1,336,807                  | 1,369,723         | 1,183,433         |
| <b>Total</b> |  | <b>4,346,109</b>           | <b>4,891,693</b>  | <b>4,219,401</b>  |

1. Average balance of loans in Won for nine months ended September 30, 2002
2. Average balance of deposits in Won for nine months ended September 30, 2002, which includes 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 two years and for the first nine months ended September 30, 2002 and ending balances as of indicated dates.

|  |                              | September 30, 2002 |                   | December 31, 2001 |                   | (Unit: in millions of Won)<br>December 31, 2000 |                   |
|--|------------------------------|--------------------|-------------------|-------------------|-------------------|---|-------------------|
|  |                              | Average balance    | Ending balance    | Average balance   | Ending balance    | Average balance                                 | Ending balance    |
| Securities in Won<br>(Banking account) | Monetary stabilization bonds | 2,773,425          | 2,552,173         | 3,571,137         | 3,139,925         | 2,773,897                                       | 1,973,079         |
|  | Government and public bonds  | 4,080,198          | 4,635,422         | 4,454,446         | 4,602,576         | 4,095,760                                       | 4,595,840         |
|  | Debentures                   | 13,380,635         | 12,684,949        | 11,410,904        | 14,879,912        | 8,431,478                                       | 9,151,880         |
|  | Stocks                       | 2,166,005          | 2,116,500         | 1,309,134         | 2,154,449         | 1,004,648                                       | 1,142,113         |
|  | Others                       | 7,964,979          | 7,485,258         | 3,115,803         | 7,348,220         | 1,724,364                                       | 1,588,295         |
|  | <b>Sub-total</b>             | <b>30,365,242</b>  | <b>29,474,302</b> | <b>23,861,424</b> | <b>32,125,082</b> | <b>18,030,147</b>                               | <b>18,451,207</b> |
| Securities (Trust account)             | Monetary stabilization bonds | 1,501,710          | 865,980           | 3,228,021         | 2,725,071         | 3,654,209                                       | 3,365,883         |
|  | Government and public bonds  | 2,223,446          | 1,561,365         | 2,990,549         | 3,059,777         | 1,894,815                                       | 2,816,167         |
|  | Debentures                   | 8,069,491          | 8,038,130         | 7,635,765         | 7,613,829         | 6,966,409                                       | 6,828,929         |
|  | Stocks                       | 894,341            | 899,619           | 672,845           | 890,151           | 568,650   | 547,797           |
|  | Foreign securities           | 528,991            | 605,663           | 118,147           | 370,415           | 39,711  | 0                 |
|  | Others                       | 3,949,909          | 4,097,012         | 4,340,103         | 3,913,328         | 5,718,473                                       | 3,576,520         |
| <b>Subtotal</b>                        | <b>17,167,888</b>            | <b>16,067,769</b>  | <b>18,985,430</b> | <b>18,572,571</b> | <b>18,842,267</b> | <b>17,135,296</b>                               |                   |
| Foreign currency<br>(Banking account)  | Foreign securities           | 945,440            | 937,795           | 736,084           | 909,730           | 631,040   | 583,229           |
|  | Off-shore foreign securities | 338,193            | 281,535           | 343,275           | 382,542           | 370,664   | 316,868           |
| <b>Subtotal</b>                        | <b>1,283,633</b>             | <b>1,219,330</b>   | <b>1,079,359</b>  | <b>1,292,272</b>  | <b>1,001,704</b>  | <b>900,097</b>                                  |                   |
| <b>Total</b>                           | <b>48,816,763</b>            | <b>46,761,401</b>  | <b>43,926,213</b> | <b>51,989,925</b> | <b>37,874,118</b> | <b>36,486,600</b>                               |                   |

**2.4.10. Trust Account (money trust)**

|                         |  | September 30, 2002   |                | December 31, 2001    |                | (Unit: in millions of Won)<br>December 31, 2000 |                |
|-------------------------|--|----------------------|----------------|----------------------|----------------|---|----------------|
|                         |  | Total amount trusted | Trust fees     | Total amount trusted | Trust fees     | Total amount trusted                            | Trust fees     |
| Return-guaranteed trust |  | 1,453                | 42,396         | 25,551               | - 17,147       | 581,332   | - 77,157       |
| Performance trust       |  | 37,534,653           | 178,844        | 25,758,938           | 353,890        | 21,821,152                                      | 308,287        |
| <b>Total</b>            |  | <b>37,536,106</b>    | <b>221,240</b> | <b>25,784,489</b>    | <b>336,743</b> | <b>22,402,484</b>                               | <b>231,130</b> |



**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 nine months<br>ended September 30 | As of or for the year ended December 31 |            |
|------------------------------------|--------------------|--|---|------------|
|                                    |                    | 2002   | 2001                                    | 2000       |
| Number of card holders<br>(Person) | Corporate          | 56,904   | 23,811                                  | 17,942     |
|                                    | Individual         | 4,862,346  | 4,017,950                               | 3,053,224  |
| Number of merchants                |                    | 291,321  | 262,619                                 | 196,264    |
| Profit                             | Sales <sup>1</sup> | 20,579,267   | 22,272,700                              | 12,538,100 |
|                                    | Fee revenue        | 767,770  | 819,399                                 | 440,653    |

**2.4.11.2. Kookmin Card<sup>2</sup>**

(Unit: in millions of Won unless indicated otherwise)

|                                    |                          | As of or for the nine months<br>ended September 30 | As of or for the year ended<br>December 31 |            |
|------------------------------------|--------------------------|--|--|------------|
|                                    |                          | 2002   | 2001                                       | 2000       |
| Number of card holders<br>(Person) | Corporate                | 334,708  | 105,600                                    | 137,657    |
|                                    | Individual               | 12,651,860   | 9,605,946                                  | 8,036,140  |
| Number of merchants                |                          | 1,532,601  | 1,675,176                                  | 1,230,838  |
| Profit                             | Sales <sup>1</sup>       | 62,490,402   | 65,382,300                                 | 37,875,680 |
|                                    | Fee revenue <sup>3</sup> | 85,601   | 142,700                                    | 115,355    |

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

As of September 30, 2002, we had 1,020 branches and 88 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 40% 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. 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. We do not own any material properties outside of Korea.

**2.5.2. 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 September 30, 2002, we had 5,220 ATMs, 3,439 cash dispensers and 915 passbook printers.

**2.5.3. Property**

Our registered office and corporate headquarters are located at 9-1, 2-Ga, Namdaemun-Ro, Jung-Gu, Seoul, Korea. In addition, we own a few other headquarters, IT centers and many properties for branch space around the Korea.

The book value of all the properties owned by us as of September 30, 2002 was W1,532,631 million. We do not own any material properties outside of Korea.

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

(Units: in millions of Won, %)

|                           | September 30, 2002 | December 31, 2001 | December 31, 2000 |
|---------------------------|--------------------|-------------------|-------------------|
| Risk-adjusted capital (A) | 14,134,513         | 11,750,856        | 6,297,886         |
| Risk-weighted assets (B)  | 134,678,260        | 114,849,227       | 56,346,867        |
| BIS ratios (A/B)          | 10.50              | 10.23             | 11.18             |

**2.6.2. Non-performing Loans<sup>1</sup>**

(Units: in millions of Won, %)

| September 30, 2002 |                    | December 31, 2001 |                    | December 31, 2000 |                    |
|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| Balance of NPL     | NPL to total loans | Balance of NPL    | NPL to total loans | Balance of NPL    | NPL to total loans |
| 2,504,223          | 1.95               | 2,954,464         | 2.62               | 2,656,100         | 4.84               |

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) |                          |                          |
|---|----------|-----------------------------|--------------------------|--------------------------|
|   |          | <u>September 30, 2002</u>   | <u>December 31, 2001</u> | <u>December 31, 2000</u> |
| Loan loss allowance                                     | Domestic | 2,325,910                   | 2,255,068                | 1,822,208                |
|   | Overseas | 16,920                      | 16,111                   | 4,492                    |
|   | Total    | <u>2,342,830</u>            | <u>2,271,179</u>         | <u>1,826,700</u>         |
| Write-offs for the nine months ended September 30, 2002 |          | 891,010                     | 1,090,029                | 558,480                  |



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**3. Financial Information**

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

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**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, 2001, 2000 and 1999 was 1,090 million Won, 950 million Won and 580 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) |   |                          |
|-----------------------------|---|--------------------------|
| <u>Year</u>                 | <u>Service description</u>  | <u>Amount of payment</u> |
| 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                    |
|                             | Service on corporate tax adjustment                                       | 85                       |
| 2000                        | Service on corporate tax adjustment                                       | 30                       |
| 1999                        | Service on corporate tax adjustment                                       | 11                       |

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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 five management committees that serve under the board:

- the Board Steering Committee;
- the Management Strategy Committee;
- the Risk Management Committee;
- the Audit Committee; and
- the Compensation Committee.

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

**5.2. Audit Committee**

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

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**5.3. Voting Rights of Shareholders**

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

If the method of written resolution at the general meeting of shareholders is adopted by resolution of the board of directors, at which the convening of the general meeting of shareholders is determined, the shareholders may exercise their voting rights in writing without participating the meeting. In 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 nine months ended September 30, 2002, the aggregate of the remuneration paid and benefits-in-kind paid by us to 1) the Chairman, President & CEO and our other executive directors and 2) our non-executive directors was W2,652 million, W418 million, respectively.

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 September 30, 2002, we have following affiliates.

Kookmin Leasing Co., Ltd.

Joeun Leasing Co., Ltd.

KB Investment Co., Ltd.

Kookmin Credit Card Co., Ltd.

KB Investment Trust Management Co., Ltd.

KB Real Estate Trust Co., Ltd.

Kookeun Credit Information Co., Ltd.

Kookmin Data System Corporation

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Kookmin Futures Co., Ltd.

ING Life Korea Ltd.

Kookmin Bank Luxembourg, S.A.

Kookmin Bank International (London) Ltd.

Kookmin Finance Hong Kong Ltd.

**5.5.2. Operating Results of Affiliates**

(Unit: in millions of Won)

Accounting results of the latest fiscal year

| Company name                                     | Closing date       | Total Assets | Total Liabilities | Total Equities | Sales     | Net income |
|--|--------------------|--------------|-------------------|----------------|-----------|------------|
| Kookmin Leasing                                  | March 31, 2002     | 513,160      | 546,530           | -33,370        | 99,276    | -39,624    |
| Jooeun Leasing <sup>1</sup>                      | March 31, 2002     | 226,204      | 199,754           | 26,450         | 42,523    | 924        |
| KB Investment                                    | December 31, 2001  | 92,941       | 9,009             | 83,932         | 14,890    | 9,953      |
| Kookmin Credit Card                              | December 31, 2001  | 10,577,491   | 9,399,912         | 1,177,579      | 2,340,631 | 458,195    |
| KB Investment Trust Management                   | March 31, 2002     | 60,074       | 14,945            | 45,129         | 34,161    | 19,243     |
| KB Real Estate Trust                             | December 31, 2001  | 290,096      | 211,283           | 78,813         | 52,568    | 3,864      |
| Kookeun Credit Information                       | December 31, 2001  | 13,263       | 3,595             | 9,668          | 26,252    | 2,022      |
| Kookmin Data System Corporation                  | December 31, 2001  | 15,464       | 3,053             | 12,411         | 28,845    | 2,577      |
| 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 Luxembourg <sup>2</sup>             | September 30, 2002 | 474,925      | 446,934           | 27,991         | 12,987    | 2,036      |
| Kookmin Bank International (London) <sup>3</sup> | September 30, 2002 | 344,302      | 297,831           | 46,471         | 8,467     | -234       |
| Kookmin Finance Hong Kong <sup>4</sup>           | September 30, 2002 | 345,892      | 285,034           | 60,858         | 17,722    | 10,582     |

1. On August 30, 2002, Kookmin Bank entered into an agreement with Sun Capital in connection with the disposition of 65.43% of its stake in Jooeun Leasing. On October 28, 2002, Kookmin Bank additionally disposed of 5.03% of the total issued and outstanding shares of Jooeun Leasing. Currently Kookmin Bank holds 14.97% of the company.
2. As of or for the nine months ended September 30, 2002
3. As of or for the nine months ended September 30, 2002
4. As of or for the nine months ended September 30, 2002

**Table of Contents****6. Equity Securities****6.1. Major Shareholders**

The following table presents information regarding the beneficial ownership of our shares at September 30, 2002 by each person known by us to own beneficially more than 5% of our outstanding shares.

| Name                              | Number of Shares<br>of Common Stock | Percentage of Total Outstanding<br>Shares of Common Stock |
|-----------------------------------|-------------------------------------|---|
| The Government of Korea           | 30,623,761                          | 9.64%   |
| The Bank of New York <sup>1</sup> | 42,941,310                          | 13.52%  |
| Total                             | 73,565,071                          | 23.16%  |

**6.2. Market Price Information****6.2.1. Common Stock Traded in Korea Stock Exchange**

|                             |      | (Unit: in Won, thousands of shares) |        |        |        |         |           |
|-----------------------------|------|-------------------------------------|--------|--------|--------|---------|-----------|
|                             |      | April                               | May    | June   | July   | October | September |
| Registered<br>Common Shares | High | 63,500                              | 66,400 | 63,800 | 62,100 | 56,500  | 57,200    |
|                             | Low  | 54,300                              | 60,000 | 57,100 | 53,300 | 50,700  | 44,750    |
| Trading Volume              |      | 42,560                              | 30,603 | 26,999 | 26,808 | 18,972  | 30,320    |

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

|                               |      | (Unit: in US\$, thousands of shares) |       |       |       |         |           |
|-------------------------------|------|--------------------------------------|-------|-------|-------|---------|-----------|
|                               |      | April                                | May   | June  | July  | October | September |
| American<br>Depositary Shares | High | 49.30                                | 53.96 | 51.99 | 51.76 | 47.62   | 46.08     |
|                               | Low  | 41.35                                | 46.50 | 47.70 | 44.10 | 42.10   | 35.43     |
| Trading Volume                |      | 7,133                                | 4,763 | 8,389 | 8,197 | 5,095   | 6,829     |

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

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

As of September 30, 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 one auditor & executive director.

The names and positions of our directors are set forth below.

| <b>Name</b>  | <b>Date of Birth</b> | <b>Position</b>              |
|--------------|----------------------|------------------------------|
| Sanghoon Kim | 03/13/1942           | Chairman                     |
| Jungtae Kim  | 08/15/1947           | President & CEO              |
| Choulju Lee  | 11/22/1939           | Auditor & Executive Director |

**7.2. Non-Executive Directors**

Our non-executive directors are selected based on the candidates' talents and skills in diverse areas, such as law, finance, economy, management and accounting. As of September 30, 2002, 8 non-executive directors are in office.

Our current non-executive directors are as follows.

| <b>Name</b>     | <b>Date of Birth</b> | <b>Position</b>        |
|-----------------|----------------------|------------------------|
| Moonsoul Chung  | 03/07/1938           | Non-Executive Director |
| Timothy Hartman | 03/01/1939           | Non-Executive Director |
| Sunjin Kim      | 06/08/1942           | Non-Executive Director |
| Dongsoo Chung   | 09/24/1945           | Non-Executive Director |
| Keunshik Oh     | 09/12/1946           | Non-Executive Director |
| 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:

| <b>Name</b>      | <b>Date of Birth</b> | <b>Position</b>          |
|------------------|----------------------|--------------------------|
| Jongkyoo Yoon    | 10/13/1955           | Executive Vice President |
| Donald MacKenzie | 12/20/1948           | Executive Vice President |
| Bonghwan Cho     | 03/30/1950           | Executive Vice President |
| Sungchul Kim     | 09/10/1951           | Executive Vice President |
| Jaemin Suh       | 08/11/1947           | Executive Vice President |
| Buhmsoo Choi     | 08/08/1956           | Executive Vice President |
| Bockwoan Kim     | 11/17/1944           | Executive Vice President |
| Youngil Kim      | 07/06/1953           | Executive Vice President |
| Kitaek Hong      | 01/16/1948           | Executive Vice President |
| Sunghyun Chung   | 08/10/1947           | Executive Vice President |
| Kisup Shin       | 10/29/1955           | Executive Vice President |
| Seongkyu Lee     | 10/25/1959           | Executive Vice President |
| Jongin Park      | 03/10/1954           | Executive Vice President |
| Byungsang Kim    | 02/19/1947           | Executive Vice President |
| Woojung Lee      | 07/11/1949           | Executive Vice President |

**7.4. Employees**

|              | <b>Number of Employees</b> |                    |               | <b>(As of September 30, 2002, Unit: in millions of Won)</b> |   |   |
|--------------|----------------------------|--------------------|---------------|---|---|---|
|              | <b>Full-time</b>           | <b>Contractual</b> | <b>Total</b>  | <b>Average</b>  | <b>Total Payment for<br/>the 9 Months</b> | <b>Average Monthly<br/>Payment per<br/>Person</b> |
|              |                            |                    |               | <b>Tenure<br/>(year)</b>                                    |   |   |
| Male         | 13,671                     | 1,183              | 14,854        | 14.28   | 594,612                                   | 4.4   |
| Female       | 5,164                      | 6,884              | 12,048        | 11.48   | 254,834                                   | 2.4   |
| <b>Total</b> | <b>18,835</b>              | <b>8,067</b>       | <b>26,902</b> | <b>13.51</b>  | <b>849,445</b>                            | <b>3.5</b>  |

**7.5. Labor Union**

Under Korea Financial Industry Union, we currently have two union chapters following the merger and negotiations are with representatives of both union chapters. There are 8,724 members in Kookmin Bank chapter and 6,989 members in H&CB chapter.



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**8. Related Party Transaction**

We regularly engage in transactions with affiliated companies, which we own directly or indirectly. Generally, these transactions include the extension of loans, the purchase of debt securities and other ordinary course activities relating to our banking business. For breakdown of the transaction, see Note 29 of Kookmin Bank Review Report in 9. Exhibits.

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**9. Exhibits**

**9.1. List of Financial Statements**

|  | <b>Page</b> |
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| Kookmin Bank Review Report 2002 for the Nine-Month Periods Ended September 30, 2002 and 2001                   |             |
| Review Report of Independent Accountants   | F-1         |
| Kookmin Bank Non-Consolidated Balance Sheets September 30, 2001 and 2001                                       | F-4         |
| Kookmin Bank Non-Consolidated Statements of Income for the Nine-Month Period Ended September 30, 2002 and 2001 | F-5         |
| Notes to Non-Consolidated Financial Statements for the Nine-Month Periods Ended September 30, 2002 and 2001    | F-7         |

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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

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(Registrant)

Date: November 25, 2002

By: /s/ Jong-Kyoo Yoon

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(Signature)

|        |   |
|--------|---|
| Name:  | Jong-Kyoo Yoon  |
| Title: | Executive Vice President &<br>Chief Financial Officer |

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**Review Report of Independent Accountants**

To the Board of Directors and Shareholders of Kookmin Bank

We have reviewed the accompanying non-consolidated balance sheets of Kookmin Bank ( the Bank ), as of September 30, 2002 and 2001, and the related non-consolidated income statements for the nine-month periods then ended, expressed in Korean Won. These non-consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these non-consolidated financial statements based on our reviews.

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

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

As discussed in Note 33 to the non-consolidated financial statements, 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. According to the Contract, the shareholders of the Bank and H&CB received 1 new common share of the Bank for 1.688346 old shares of the Bank and 1 share of H&CB, respectively. The new common shares of the Bank were listed on the Korea Stock Exchange on November 9, 2001. Despite the legal form of consolidation, the business combination was accounted for as an acquisition with the Bank as acquirer of H&CB's total assets of (Won)67,742,958 million and liabilities of (Won)64,381,185 million. The Bank's registration statement with the Securities and Exchange Commission of the United States of America was declared effective on September 10, 2001, and the new shares of the Bank were listed on New York Stock Exchange as American Depositary Shares ( ADS ) on November 1, 2001.

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As discussed in Note 2 to the non-consolidated financial statements, allowances for consumer loans and credit cards are determined by applying the following rates, which were changed since May 10, 2002 in preparation for increasing risk of loan losses due to the increase of consumer loans and credit cards.

| Credit risk Classification | Allowance rates<br>Before May 10, 2002 | Allowance rates since May 10, 2002 |              |
|----------------------------|--|------------------------------------|--------------|
|                            |  | Consumer                           | Credit cards |
| Normal                     | 0.5%                                   | 0.75%                              | 1.0%         |
| Precautionary              | 2.0%                                   | 5.0%                               | 7.0%         |
| Sub-standard               | 20.0%                                  | 20.0%                              | 20.0%        |
| Doubtful                   | 50.0%                                  | 55.0%                              | 60.0%        |
| Estimated Loss             | 100.0%                                 | 100.0%                             | 100.0%       |

As of September 30, 2002, the additional allowances of (Won)226,909 million for consumer loans and (Won)66,778 million for credit cards loans are provided by applying different allowance rates, resulting in the decrease of (Won)293,687 million of net income before income tax expenses.

As discussed in Note 17 to the non-consolidated financial statements, in accordance with the signed memorandum of understanding with Sun Capital Inc.( the Company ) on June 15, 2002 and the resolution of the Bank's board meeting on July 26, 2002, the Bank is to sell 12,988,771 shares (equivalent to 65.43% ownership) of its 16,960,000 shares (equivalent to 85.43% ownership) of Jooeun Leasing Co., Ltd. and (Won)172,024 million of loans (outstanding principal balance as of March 31, 2002) to the Company. The Bank expects to receive (Won)145,000 million from the sale of investments and loans.

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. As of September 30, 2002, the Bank owns 99.89% of total issued shares of Kookmin Venture Capital Co., Ltd. and the investment amounts to (Won)107,877 million.

We draw attention to Note 17 of the non-consolidated financial statements which states that the operations of the Bank may be directly or indirectly affected by the general unstable economic conditions in the Republic of Korea and the impact of the implementation of structural reforms. Certain financially troubled borrowers of the Bank including Korea Data System Co., Ltd are experiencing a cash crisis or are in the debt restructuring process under workout plans and other similar programs. As of September 30, 2002, in relation to such borrowers, total loans outstanding including guarantees and acceptances amounted to (Won)904,554 million, and the related allowances and discounted present value are (Won)331,308 million and (Won)19,062 million, respectively. The ultimate effect of these significant uncertainties on the financial position of the Bank as of the balance sheet date cannot presently be determined and accordingly, no adjustments have been made in the accompanying financial statements related to such uncertainties.

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

Samil Accounting Corporation

Seoul, Korea

October 18, 2002

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**KOOKMIN BANK**  
**NON-CONSOLIDATED BALANCE SHEETS**  
**September 30, 2002 and 2001**  
**(Unaudited-See Accountants' Review Report)**

|  | <b>In Millions of<br/>Korean Won</b> |                         |
|--|--------------------------------------|-------------------------|
|  | <b>2002</b>                          | <b>2001</b>             |
| <b>ASSETS</b>  |                                      |                         |
| Cash and due from banks (Note 3)   | (Won) 6,241,327                      | (Won) 4,264,196         |
| Trading securities (Note 4)  | 5,794,366                            | 2,651,849               |
| Investment securities (Note 5)   | 24,899,266                           | 21,857,862              |
| Loans (Notes 6 and 7)  | 121,350,946                          | 54,885,280              |
| Fixed assets (Note 8)  | 3,036,347                            | 1,280,713               |
| Other assets (Note 9)  | 6,166,926                            | 4,353,717               |
| <b>Total Assets</b>  | <b>(Won) 167,489,178</b>             | <b>(Won) 89,293,617</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                                      |                         |
| Deposits (Note 10)   | (Won) 123,178,790                    | (Won) 62,355,178        |
| Borrowings (Note 11)   | 10,254,380                           | 9,980,267               |
| Debentures (Note 12)   | 13,514,926                           | 5,612,062               |
| Other liabilities (Note 13)  | 10,249,445                           | 6,245,609               |
| <b>Total Liabilities</b>   | <b>157,197,541</b>                   | <b>84,193,116</b>       |
| Commitments and contingencies (Notes 15 and 17)  |                                      |                         |
| Common stock, par value : (Won)5,000,<br>authorized : 1,000 million shares,<br>issued and outstanding : 317,677,416 shares<br>(Notes 1 and 18) | 1,588,387                            | 1,677,932               |
| Capital surplus (Note 19)  | 5,683,828                            | 1,616,052               |
| Retained earnings (Note 20)  | 2,951,013                            | 1,639,081               |
| Capital adjustments (Note 21)  | 68,409                               | 167,436                 |
| <b>Total Shareholders' Equity</b>  | <b>10,291,637</b>                    | <b>5,100,501</b>        |
| <b>Total Liabilities and Shareholders' Equity</b>  | <b>(Won) 167,489,178</b>             | <b>(Won) 89,293,617</b> |

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

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**KOOKMIN BANK**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited-See Accountants' Review Report)**

|   | In Millions of<br>Korean Won |              |
|---|------------------------------|--------------|
|   | 2002                         | 2001         |
| Interest income :                           |                              |              |
| Interest on due from banks                  | (Won) 39,314                 | (Won) 68,459 |
| Interest on trading securities              | 73,560                       | 138,189      |
| Interest on investment securities           | 1,076,831                    | 1,057,927    |
| Interest on loans                           | 6,817,728                    | 3,652,105    |
| Other interest income                       | 80,222                       | 93,420       |
|   | 8,087,655                    | 5,010,100    |
| Interest expenses :                         |                              |              |
| Interest on deposits                        | 3,581,922                    | 2,465,341    |
| Interest on borrowings                      | 306,297                      | 373,557      |
| Interest on debentures                      | 578,277                      | 382,315      |
| Other interest expenses                     | 49,507                       | 40,459       |
|   | 4,516,003                    | 3,261,672    |
| Net interest income                         | 3,571,652                    | 1,748,428    |
| Bad debt expense (Note 7)                   | 946,200                      | 509,324      |
| Net interest income after bad debt expenses | 2,625,452                    | 1,239,104    |
| Non-interest income :                       |                              |              |
| Fees and commission income                  | 1,013,260                    | 291,201      |
| Dividends on trading securities             | 1,123                        | 323          |
| Dividends on investment securities          | 18,832                       | 7,650        |
| Gain on foreign currency transactions       | 142,416                      | 196,154      |
| Gain on derivatives (Note 16)               | 1,856,401                    | 1,869,446    |
| Others (Note 23)                            | 482,668                      | 367,666      |
|   | 3,514,700                    | 2,732,440    |

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



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**KOOKMIN BANK**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited-See Accountants' Review Report)**

|   | In Millions of<br>Korean Won |               |
|---|------------------------------|---------------|
|   | 2002                         | 2001          |
| Non-interest expenses :                                 |                              |               |
| Fees and commission expenses                            | (Won) 254,248                | (Won) 60,364  |
| General and administrative expenses (Note 24)           | 1,773,528                    | 845,776       |
| Loss on foreign currency transactions                   | 182,178                      | 73,918        |
| Loss on derivatives (Note 16)                           | 1,693,205                    | 1,912,309     |
| Others (Note 23)  | 242,562                      | 189,137       |
|   | 4,145,721                    | 3,081,504     |
| Operating income  | 1,994,431                    | 890,040       |
| Non-operating income, net (Note 25)                     | 191,733                      | 358,263       |
|   | 2,186,164                    | 1,248,303     |
| Net income before income tax expense                    | 2,186,164                    | 1,248,303     |
| Income tax expense (Note 26)                            | 673,296                      | 385,241       |
|   | (Won) 1,512,868              | (Won) 863,062 |
| Net income  | (Won) 1,512,868              | (Won) 863,062 |
| Basic earnings per share (Note 27)<br>(in Korean Won)   | (Won) 4,767                  | (Won) 4,524   |
| Diluted earnings per share (Note 27)<br>(in Korean Won) | (Won) 4,624                  | (Won) 3,847   |

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

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**KOOKMIN BANK**

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

**For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)**

**1. The Bank:**

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

The Bank merged with Korea Long Term Credit Bank ( KLB ) on December 31, 1998 and with Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., 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 ( the P&A ) as of June 29, 1998. The Bank entered into a business combination contract ( the Contract ) with H&CB on April 23, 2001. In accordance with the Contract, 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 Korean 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)1,588,387 million as of September 30, 2002 (See Note 18). Also, as of September 30, 2002, 47,796,480 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 1,248 domestic branches and offices (including ATMs) and 3 overseas branches as of September 30, 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 Interim Financial Statement Presentation*

The Bank's non-consolidated interim financial statements were prepared in accordance with the financial accounting standards generally accepted in the Republic of Korea, the accounting standards for preparation of quarterly and semiannual financial statements in the Republic of Korea and the accounting standards generally accepted for banking institutions, as modified by the accounting and reporting 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 financial statements. Some information attached to the Korean language financial statements, but not required for a fair presentation of the Bank's financial position or results of operations, is 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;



**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****2. Summary of Significant Accounting Policies, Continued;***Recognition of Interest Income*

The Bank recognizes interest income on loans and debt securities on an accrual basis. However, interest income on delinquent and dishonored loans and debt securities, other than those subject to security deposits and guaranteed by financial institutions, is recognized on a cash basis. Accordingly, under the cash basis, unaccrued interest income amounted to (Won)553,828 million and (Won)487,559 million as of September 30, 2002 and 2001, respectively.

*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 September 30, 2002 and 2001 are (Won)1,225.5 : US\$1 and (Won)1,309.1 : US\$1, respectively.

*Allowances for Loan Losses*

The Bank applies its internal credit rating system, Forward Looking Criteria ( FLC ), to corporate loans in order to classify the borrowers and to determine allowances for loan losses. The corporate borrowers are classified into 12 credit risk categories (AAA, AA, A, BBB, BB, BB-, B, B-, CCC, CC, C, D) since May 10, 2002, which were classified into 10 credit risk categories (AAA, AA, A, BBB, BB, B, CCC, CC, C, D). Credit risk classification under FLC is based on a scaled valuation of financial and non-financial risks with additional consideration of 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<br>before May 10, 2002 | Credit Ratings<br>after May 10, 2002 | Allowance rates |
|----------------------------|---------------------------------------|--------------------------------------|-----------------|
| Normal                     | AAA ~ B                               | AAA ~ B                              | 0.5%            |
| Precautionary              | CCC                                   | B-, CCC                              | 2%              |
| Sub-standard               | CC                                    | CC                                   | 20%             |
| Doubtful                   | C                                     | C                                    | 50%             |
| Estimated loss             | D                                     | D                                    | 100%            |

However, the Bank does not apply the FLC to small-sized corporate loans, consumer loans, and credit cards. Alternatively, the bank classifies such loans by considering current financial status including delinquent number of days, bankruptcies and collateral value. The allowances for small-sized corporate loans, consumer loans, and credit cards are determined by applying the following rates, which were changed since May 10, 2002.

**Allowance rates since May 10, 2002**

| Credit Risk Classification | Allowance rates<br>before May 10, 2002 | Allowance rates since May 10, 2002 |          |              |
|----------------------------|--|------------------------------------|----------|--------------|
|                            |  | Small-sized corporate              | Consumer | Credit cards |
| Normal                     | 0.5%                                   | 0.5%                               | 0.75%    | 1.0%         |
| Precautionary              | 2.0%                                   | 2.0%                               | 5.0%     | 7.0%         |
| Sub-standard               | 20.0%                                  | 20.0%                              | 20.0%    | 20.0%        |
| Doubtful                   | 50.0%                                  | 50.0%                              | 55.0%    | 60.0%        |
| Estimated loss             | 100.0%                                 | 100.0%                             | 100.0%   | 100.0%       |

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As of September 30, 2002, the additional allowances of (Won) 226,909 million for consumer loans and (Won) 66,778 million for credit cards loans are provided by applying different allowance rates, resulting in the decrease of (Won) 293,687 million of net income before income tax expenses.

Continued;

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**2. Summary of Significant Accounting Policies, Continued;***Present Value Discounts*

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

Additionally, the Bank recorded (Won)22,121 million and (Won)29,682 million of present value discounts as of September 30, 2002 and 2001, respectively, on long-term deposits placed with Hansol Mutual Savings & Finance Co., Ltd. (Previously, Bukook Mutual Savings & Finance Co., Ltd.) (See Note 3). Also, the receivables from 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.

Securities are initially recorded at cost with incidental expenses added to compute the acquisition cost in applying the moving average or specific identification method. The subsequent valuation methods used for the securities are summarized as follows:

|  | <b>Valuation<br/>Method</b> | <b>Recognition of Unrealized<br/>Gains and Losses</b>                                |
|--|-----------------------------|--|
| 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 impairment is determined to be other than temporary, the Bank adjusts the investment securities to their fair value and recognizes the related impairment losses as part of the current period non-operating expenses.

Continued;

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**2. Summary of Significant Accounting Policies, Continued;***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:

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

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 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 depreciation.

| <u>Intangible Asset</u> | <u>Amortization Method</u> | <u>Estimated Useful Life</u> |
|-------------------------|----------------------------|------------------------------|
| Goodwill                | Straight-line method       | 9 years                      |
| Trademarks              | Straight-line method       | 1-10 years                   |
| Other                   | Straight-line method       | 7-30 years                   |

*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 September 30, 2002 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 pension fund deposits 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 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).

Continued;

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**KOOKMIN BANK**

**NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)**

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**2. Summary of Significant Accounting Policies, Continued;**

*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 cumulative effects of accounting changes adjust the beginning balance of retained earnings and thus result in temporary differences.

*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.

*Stock Options*

The Bank calculates the fair value of stock options at the grant date and allocates the resulting total cost over the contractual service period. The costs allocated to the current period are charged to operating expenses and capital adjustments.

*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, equivalent of 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 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. The Bank recorded (Won)119 million of loss on trust management for the nine-month period ended September 30, 2001.

*Translation of 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 presentation in the accompanying financial statements, the financial statements of the branches have been translated into Korean Won, using exchange rates published by Seoul Money Brokerage Services, Ltd. as of September 30, 2002 and 2001.

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****3. Cash and Due from Banks:**

Cash and due from banks at September 30, 2002 and 2001 are summarized as follows (in millions of Won):

|  | <u>2002</u>                                       | <u>2001</u>            |
|--|---|------------------------|
| <b><u>Cash on hand</u></b>                         |   |                        |
| Cash in Won  | (Won) 2,982,866                                   | (Won) 1,323,354        |
| Cash in foreign currencies                         | 186,790   | 98,853                 |
|  | <u>3,169,656</u>                                  | <u>1,422,207</u>       |
| <b><u>Due from banks in Won</u></b>                |   |                        |
| The Bank of Korea                                  | Reserve deposits 1,924,221                        | 1,867,405              |
| Banks  | Time deposits 21,192                              |                        |
|  | Payment reserves 458                              | 340                    |
|  | Certificates of deposits 29,599                   | 246,712                |
|  | Current accounts and others                       | 1,513                  |
| Other financial institutions                       | Cash management accounts 8,423                    | 102,726                |
|  | Deposits at insurance companies 678,500           | 314,000                |
|  | Deposits at Finance Savings & Finance Co. 140,000 | 140,000                |
| Others   | Futures margin accounts 1,473                     | 41,281                 |
|  | Specified Money Trusts 7,764                      | 36,970                 |
|  | Others 458  | 446                    |
|  | <u>2,812,088</u>                                  | <u>2,751,393</u>       |
|  | Present value discounts <sup>1*</sup> (22,121)    | (29,682)               |
|  | <u>2,789,967</u>                                  | <u>2,721,711</u>       |
| <b><u>Due from banks in foreign currencies</u></b> |   |                        |
| The Bank of Korea                                  | Demand deposits 39,136                            | 24,882                 |
| Domestic banks                                     | Demand deposits 23,707                            | 10,329                 |
| Foreign banks                                      | Demand deposits 170,748                           | 70,430                 |
| Others   | Other deposits 48,113                             | 14,637                 |
|  | <u>281,704</u>                                    | <u>120,278</u>         |
|  | <u>(Won) 6,241,327</u>                            | <u>(Won) 4,264,196</u> |

<sup>1\*</sup> Present value discounts are recorded in relation to the (Won)140,000 million of time deposits (1% interest, six-year maturity at the point of deposit) placed with Hansol Mutual Savings & Finance Co., Ltd. (Previously, Bukook Mutual Savings & Finance Co., Ltd.).

Included in cash and due from banks as of September 30, 2002 and 2001 are the following restricted deposits (in millions of Won):

| 2002 | 2001 | Restrictions |
|------|------|--------------|
|------|------|--------------|

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|  |                        |                        |                        |
|--|------------------------|------------------------|------------------------|
| Reserve deposits in the Bank of Korea and KEB            | (Won) 1,987,522        | (Won) 1,902,956        | General Banking Act    |
| Deposits placed with Hansol Mutual Savings & Finance Co. | 140,000                | 140,000                | Withdrawal at maturity |
| Deposits for severance payments                          | 678,500                | 314,000                | Related to borrowings  |
| Other deposits   | 10,043                 | 71,709                 | Guarantee deposit      |
|  | <u>(Won) 2,816,065</u> | <u>(Won) 2,428,665</u> |                        |

Continued;

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**3. Cash and Due from Banks, Continued;**

The maturities of the due from banks as of September 30, 2002 are summarized as follows (in millions of Won):

|                                     | <u>Due from Banks<br/>in Won</u> | <u>Due from Banks<br/>in foreign currencies</u> | <u>Total</u>           |
|-------------------------------------|----------------------------------|---|------------------------|
| Due in 3 months or less             | (Won) 2,580,896                  | (Won) 281,704                                   | (Won) 2,862,600        |
| Due after 3 months through 6 months | 20,000                           |   | 20,000                 |
| Due after 6 months through 1 year   |                                  |   |                        |
| Due after 1 year through 2 years    | 70,000                           |   | 70,000                 |
| Due after 2 years through 3 years   | 50,000                           |   | 50,000                 |
| Due after 3 years through 4 years   | 90,000                           |   | 90,000                 |
| Due after 4 years through 5 years   |                                  |   |                        |
| Thereafter                          | 1,192                            |   | 1,192                  |
|                                     | <u>(Won) 2,812,088</u>           | <u>(Won) 281,704</u>                            | <u>(Won) 3,093,792</u> |

**4. Trading Securities:**

Trading securities as of September 30, 2002 and 2001 comprise the following (in millions of Won):

| <u>Type</u>                          | <u>Par Value</u> | <u>Beginning<br/>Balance<sup>1*</sup></u> | <u>Amortized<br/>Amount<sup>2*</sup></u> | <u>Balance Sheet Amount</u> |                |
|--------------------------------------|------------------|---|--|-----------------------------|----------------|
|                                      |                  |   |  | <u>2002</u>                 | <u>2001</u>    |
| Listed equity securities             |                  | (Won) 61,920                              | (Won) 61,920                             | (Won) 55,011                | (Won) 16,500   |
| Government and municipal bonds       |                  |   |  |                             |                |
| Treasury bonds                       | (Won) 255,000    | 260,612                                   | 260,247                                  | 262,608                     | 607,297        |
| Public housing bonds                 |                  |   |  |                             | 116,012        |
| Foreign exchange stabilization bonds | 60,000           | 65,137                                    | 64,101                                   | 65,225                      | 169,018        |
|                                      |                  | <u>325,749</u>                            | <u>324,348</u>                           | <u>327,833</u>              | <u>892,327</u> |
| Finance debentures                   |                  |   |  |                             |                |
| Monetary stabilization bond          | 900,000          | 901,814                                   | 901,361                                  | 905,538                     | 599,672        |
| Other finance debentures             | 90,000           | 90,651                                    | 90,501                                   | 91,061                      | 170,259        |
|                                      |                  | <u>992,465</u>                            | <u>991,862</u>                           | <u>996,599</u>              | <u>769,931</u> |
| Corporate bonds                      |                  |   |  |                             |                |
| Government guaranteed bonds          | 150,000          | 154,173                                   | 153,122                                  | 154,236                     | 727,753        |
| Other corporate bonds                | 189,633          | 190,514                                   | 190,524                                  | 190,983                     | 170,585        |
|                                      |                  | <u>344,687</u>                            | <u>343,646</u>                           | <u>345,219</u>              | <u>898,338</u> |

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|  |                 |           |                 |                 |
|--|-----------------|-----------|-----------------|-----------------|
| Beneficiary certificates                 | 3,924,518       | 3,924,518 | 4,069,704       | 11,926          |
| Trading securities in foreign currencies |                 |           |                 |                 |
| Corporate bonds                          | 546             | 546       |                 | 62,827          |
|  | (Won) 5,649,885 | 5,646,840 | (Won) 5,794,366 | (Won) 2,651,849 |

1\* Book value at December 31, 2001 or acquisition costs for the nine-month period ended September 30, 2002

2\* Amount amortized using effective interest rate method

Continued;

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**4. Trading Securities, Continued;**

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.

Trading securities risk concentrations as of September 30, 2002 are as follows (in millions of Won):

|                                  | Securities in Won |           |
|----------------------------------|-------------------|-----------|
|                                  | Amount            | Ratio (%) |
| <b>By Geography</b>              |                   |           |
| Korea                            | (Won) 5,794,366   | 100.00    |
|                                  | (Won) 5,794,366   | 100.00    |
| <b>By Type</b>                   |                   |           |
| Fixed rate bond                  | (Won) 1,639,898   | 28.30     |
| Floating rate bond               | 29,752            | 0.51      |
| Equity securities                | 55,012            | 0.95      |
| Beneficiary certificates         | 4,069,704         | 70.24     |
|                                  | (Won) 5,794,366   | 100.00    |
| <b>By Issuer</b>                 |                   |           |
| Governmental institutions        | (Won) 327,833     | 5.66      |
| Government invested institutions | 156,577           | 2.70      |
| Financial institutions           | 5,101,130         | 88.04     |
| Other                            | 208,826           | 3.60      |
|                                  | (Won) 5,794,366   | 100.00    |

The maturities of the trading securities except equity securities as of September 30, 2002 are summarized as follows (in millions of Won):

|                                     | Government and<br>Municipal Bonds | Finance<br>Debentures | Corporate<br>Bonds | Beneficiary<br>Certificates | Total           |
|-------------------------------------|-----------------------------------|-----------------------|--------------------|-----------------------------|-----------------|
| Due in 3 months or less             | (Won)                             | (Won) 20,029          | (Won)              | (Won) 4,069,704             | (Won) 4,089,733 |
| Due after 3 months through 9 months |                                   | 10,088                |                    |                             | 10,088          |
| Due after 9 months through 1 year   |                                   | 19,015                | 20,753             |                             | 39,768          |
| Due after 1 year through 2 years    | 30,496                            | 876,185               | 160,523            |                             | 1,067,204       |
| Due after 2 years through 3 years   | 193,855                           | 71,282                | 40,597             |                             | 305,734         |
| Due after 3 years through 4 years   | 83,207                            |                       | 112,897            |                             | 196,104         |
| Due after 4 years through 5 years   | 20,275                            |                       | 10,449             |                             | 30,724          |
| Thereafter                          |                                   |                       |                    |                             |                 |

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(Won) 327,833 (Won) 996,599 (Won) 345,219 (Won) 4,069,704 (Won) 5,739,355

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited-See Accountants' Review Report)**

**5. Investment Securities:**

Investment securities at September 30, 2002 and 2001 are as follows (in millions of Won):

| Type  | 2002              | 2001             |
|---|-------------------|------------------|
| <b>Equity securities</b>                        |                   |                  |
| Marketable equity securities                    | (Won) 277,332     | (Won) 170,656    |
| Non-marketable equity securities                | 350,251           | 263,395          |
| Domestic related parties                        | 1,433,906         | 1,044,698        |
|   | <u>2,061,489</u>  | <u>1,478,749</u> |
| <b>Investment in special funds</b>              |                   |                  |
| Stock market stabilization fund                 | 19,852            | 15,282           |
| Investment union fund                           | 22,509            | 14,508           |
|   | <u>42,361</u>     | <u>29,790</u>    |
| <b>Government and municipal bonds</b>           |                   |                  |
| Treasury bonds                                  | 2,871,688         | 2,036,456        |
| Public housing bonds                            | 292,246           | 398,435          |
| Grain supply bonds                              | 51,687            | 84,138           |
| Foreign exchange stabilization bonds            | 964,291           | 692,048          |
| Municipal bonds                                 | 43,841            | 174,912          |
|   | <u>4,223,753</u>  | <u>3,385,989</u> |
| <b>Finance debentures</b>                       |                   |                  |
| Monetary stabilization bond                     | 1,646,635         | 2,863,194        |
| Other finance debentures                        | 620,669           | 1,147,068        |
|   | <u>2,267,304</u>  | <u>4,010,262</u> |
| <b>Corporate bonds</b>                          |                   |                  |
| Government guaranteed bonds                     | 7,448,679         | 5,898,219        |
| Other corporate bonds                           | 3,990,820         | 3,778,261        |
|   | <u>11,439,499</u> | <u>9,676,480</u> |
| <b>Beneficiary certificates</b>                 | 3,371,351         | 2,261,700        |
| <b>Securities lent</b>                          | 272,337           |                  |
| <b>Other investment securities<sup>1*</sup></b> | 1,842             | 138              |



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|  |                         |                         |
|--|-------------------------|-------------------------|
| Securities denominated in foreign currencies |                         |                         |
| Overseas related parties                     | 125,638                 | 73,345                  |
| Equity securities                            | 30,263                  | 27,264                  |
| Debt securities                              | 1,063,429               | 914,145                 |
|  | <u>1,219,330</u>        | <u>1,014,754</u>        |
|  | <u>(Won) 24,899,266</u> | <u>(Won) 21,857,862</u> |

1\* Other investment securities include commercial paper and national stock trust.

Continued;

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**5. Investment Securities, Continued;**

At September 30, 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<br/>Balance<sup>1*</sup></u> | <u>Amortized<br/>Amount</u> | <u>Balance sheet<br/>Amount</u> |
|--|-------------------------|---|-----------------------------|---------------------------------|
| Available for sale                           |                         |   |                             |                                 |
| Government and municipal bonds               | (Won) 1,888,966         | (Won) 1,931,965                           | (Won) 1,903,058             | (Won) 1,937,093                 |
| Finance debentures                           | 1,598,398               | 1,557,695                                 | 1,561,356                   | 1,579,783                       |
| Corporate bonds                              | 3,975,234               | 3,855,626                                 | 3,807,425                   | 3,830,535                       |
| Securities denominated in foreign currencies | 1,131,495               | 972,504                                   | 1,007,892                   | 987,815                         |
|  | <u>8,594,093</u>        | <u>8,317,790</u>                          | <u>8,279,731</u>            | <u>8,335,226</u>                |
| Held to maturity                             |                         |   |                             |                                 |
| Government and municipal bonds               | 2,277,623               | 2,293,372                                 | 2,286,660                   | 2,286,660                       |
| Finance debentures                           | 714,700                 | 687,462                                   | 687,522                     | 687,521                         |
| Corporate bonds                              | 7,574,918               | 7,676,733                                 | 7,608,964                   | 7,608,964                       |
| Securities denominated in foreign currencies | 94,263                  | 75,416                                    | 75,614                      | 75,614                          |
|  | <u>10,661,504</u>       | <u>10,732,983</u>                         | <u>10,658,760</u>           | <u>10,658,759</u>               |
|  | <u>(Won) 19,255,597</u> | <u>(Won) 19,050,773</u>                   | <u>(Won) 18,938,491</u>     | <u>(Won) 18,993,985</u>         |

<sup>1\*</sup> Book value at December 31, 2001 or acquisition costs for the nine-month period ended September 30, 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)2,504,865 million and (Won)3,640,439 million as of September 30, 2002 and 2001, respectively, are included in the investment securities (See Note 11).

Continued;

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**5. Investment Securities, Continued;**

Equity securities in related parties as of September 30, 2002 and 2001 are as follows (in millions of Won):

| Issuer                             | Ownership (%) | Acquisition Cost | 2002 Beginning Balance <sup>8*</sup> | Unrealized Gains (Losses) <sup>9*</sup> |           |           | Balance Sheet Amount <sup>10*</sup> |               |
|------------------------------------|---------------|------------------|--------------------------------------|---|-----------|-----------|-------------------------------------|---------------|
|                                    |               |                  |                                      | 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) 219,558                           | (Won) 585 | (Won) 506 | (Won) 1,094,640                     | (Won) 860,245 |
| Kookmin Venture Capital Co.,Ltd.1* | 99.89         | 155,311          | 179,694                              | (82,211)                                | 10,155    | 239       | 107,877                             | 116,177       |
| Kookmin Leasing Co., Ltd.          | 88.66         | 266,646          |                                      |   |           |           |                                     |               |
| Kookmin Investment Trust Mgt.2*    |               |                  |                                      |   |           |           |                                     | 32,851        |
| Kookmin Data System Co., Ltd.      | 99.98         | 7,998            | 12,408                               | 1,677                                   |           |           | 14,085                              | 12,207        |
| Kookmin Futures Co., Ltd.          | 99.98         | 19,996           | 22,515                               | 2,229                                   | (49)      | 46        | 24,741                              | 22,561        |
| KLB Securities Co., Ltd.3*         | 36.41         | 10,316           |                                      |   |           |           |                                     | 657           |
| Joeun Leasing Co., Ltd.            | 20.00         | 5,184            | 5,238                                | (38)                                    |           | (93)      | 5,107                               |               |
| KB Investment Trust Mgt Co.,Ltd.4* | 80.00         | 39,015           | 32,685                               | 10,229                                  |           |           | 42,914                              |               |
| Joeun Industrial Co., Ltd.5*       | 99.99         | 23,994           | 8,465                                | (8,465)                                 |           |           |                                     |               |
| KB Real Estate Trust Co., Ltd.6*   | 99.99         | 76,103           | 78,538                               | 7,959                                   |           |           | 86,497                              |               |
| KB Credit Information Co.Ltd.7*    | 62.57         | 7,935            | 8,082                                | (223)                                   |           |           | 7,859                               |               |
| ING Life Korea Co., Ltd.           | 20.00         | 21,768           | 24,892                               | (8,273)                                 |           |           | 16,619                              |               |
| Korea Mortgage Co.,Ltd.            | 28.22         | 30,000           | 32,487                               | 1,080                                   |           |           | 33,567                              |               |
|                                    |               | 936,540          | 1,278,995                            | 143,522                                 | 10,691    | 698       | 1,433,906                           | 1,044,698     |
| <u>Overseas related parties</u>    |               |                  |                                      |   |           |           |                                     |               |
| KB International Ltd. (London)     | 100.00        | 40,276           | 46,705                               | (234)                                   |           |           | 46,471                              | 47,758        |
| KB Luxembourg S.A.                 | 100.00        | 21,907           |                                      |   |           |           |                                     | 3,806         |
| Kookmin Singapore Ltd.3*           | 100.00        | 26,585           | 2,128                                |   |           |           | 2,128                               | 2,273         |
| KookminFinance Asia Ltd.(H.K)      | 100.00        | 26,522           | 15,900                               | 281                                     |           |           | 16,181                              | 19,508        |

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|                             |        |                 |                 |               |              |           |                 |                 |
|-----------------------------|--------|-----------------|-----------------|---------------|--------------|-----------|-----------------|-----------------|
| Kookmin Finance<br>H.K Ltd. | 100.00 | 55,924          | 50,331          | 10,527        |              |           | 60,858          |                 |
|                             |        | 171,214         | 115,064         | 10,574        |              |           | 125,638         | 73,345          |
|                             |        | (Won) 1,107,754 | (Won) 1,394,059 | (Won) 154,096 | (Won) 10,691 | (Won) 698 | (Won) 1,559,544 | (Won) 1,118,043 |

- 1\* Kookmin Venture Capital Co., Ltd merged with Frontier Investment Corp. and Kookmin Investment Co., Ltd, effective as of December 31, 2001 and June 27, 2002, respectively.
- 2\* The Bank sold Kookmin Investment Trust Mgt. Co., Ltd. effective as of May 9, 2002
- 3\* KLB Securities Co., Ltd. and Kookmin Singapore (merchant bank), Ltd. are in the process of liquidation.
- 4\* The company changed its name from Jooeun Investment management Co. Ltd. to KB Investment Trust Management Co. Ltd., effective as of June 10, 2002.
- 5\* Dissolution of Jooeun Industrial Co., Ltd was resolved in the general meeting of stockholders of the Company on March 19, 2002.
- 6\* The company changed its name from Jooeun Real Estate trust Co. Ltd. to KB Real Estate trust Co. Ltd., effective as of September 16, 2002.
- 7\* KB Credit Information Co., Ltd merged with KM Credit Information Co., Ltd. ( KM ), effective as of May 2, 2002 and changed its name to Kookmin Credit Information Co., Ltd.
- 8\* The beginning balance is adjusted by dividends and changes in foreign exchange rate from the prior year s book value.
- 9\* NI : Net Income, R/E : Retained Earnings, C/A : Capital Adjustments
- 10\* The balance sheet amount is recorded using the monthly closing information of related parties as of September 30, 2002 if possible, otherwise the most recent financial information is used.

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**5. Investment Securities, Continued;**

Equity securities, excluding equity securities in related parties, as of September 30, 2002 are as follows (in millions of Won):

| <b>Issuer</b>                                      | <b>Ownership (%)</b> | <b>Acquisition Cost</b> | <b>Fair Value or Net Asset Value<sup>1*</sup></b> | <b>Balance Sheet Amount</b> |
|--|----------------------|-------------------------|---|-----------------------------|
| <b>Marketable equity securities (KSE)</b>          |                      |                         |   |                             |
| Hyundai Construction Co., Ltd.                     | 6.17                 | (Won) 140,124           | (Won) 65,463                                      | (Won) 65,463                |
| KP Chemical Co.,Ltd                                | 7.89                 | 36,642                  | 30,561  | 30,561                      |
| SK Securities Co., Ltd.                            | 5.58                 | 26,878                  | 23,385  | 23,385                      |
| Kia Motors Corp.                                   | 0.65                 | 26,281                  | 18,922  | 18,922                      |
| INI Steel Co., Ltd.                                | 2.04                 | 9,564                   | 14,968  | 14,968                      |
| Daewoo Securities Co., Ltd.                        | 1.60                 | 53,627                  | 15,382  | 15,382                      |
| Hankang Restructuring Fund.                        | 6.26                 | 29,449                  | 16,276  | 16,276                      |
| Ssangyong Motor Company                            | 2.21                 | 27,656                  | 9,421   | 9,421                       |
| Shinwon Corp.                                      | 6.77                 | 12,159                  | 9,190   | 9,190                       |
| Saehan Industries Inc.                             | 16.95                | 7,572                   | 6,920   | 6,920                       |
| Samsung Electronics Co., Ltd.                      | 0.02                 | 5,205                   | 8,955   | 8,955                       |
| Korea Zinc Co., Ltd.                               | 1.91                 | 9,008                   | 4,972   | 4,972                       |
| KT   | 0.05                 | 8,497                   | 8,623   | 8,623                       |
| Korea Electric Power Corporation                   | 0.05                 | 6,120                   | 6,180   | 6,180                       |
| Daewoo Engineering & Construction Co., Ltd.        | 1.35                 | 5,077                   | 5,405   | 5,405                       |
| Daewoo Shipbuilding & Marine Engineering Co., Ltd. | 0.29                 | 2,500                   | 3,956   | 3,956                       |
| Others   |                      | 23,245                  | 20,015  | 20,015                      |
|  |                      | <b>429,604</b>          | <b>268,594</b>                                    | <b>268,594</b>              |
| <b>Marketable equity securities (KOSDAQ)</b>       |                      |                         |   |                             |
| C&H capital Co., Ltd.                              | 9.75                 | 8,136                   | 2,865   | 2,865                       |
| Seohan Co., Ltd.                                   | 13.39                | 1,201                   | 1,002   | 1,002                       |
| KED media Co., Ltd.                                | 2.80                 | 500                     | 942   | 942                         |
| Han Kook Capital Co., Ltd.                         | 1.71                 | 1,203                   | 795   | 795                         |
| Tae Young Telstar Co., Ltd.                        | 3.33                 | 1,000                   | 675   | 675                         |
| Shinwon Construction Co., Ltd.                     | 1.79                 | 1,622                   | 603   | 603                         |
| Miju Steel Co., Ltd                                | 4.30                 | 1,348                   | 426   | 426                         |
| KTF  | 0.01                 | 436                     | 387   | 387                         |
| Systems Technology Inc.                            | 3.03                 | 250                     | 322   | 322                         |
| Others   |                      | 7,000                   | 721   | 721                         |
|  |                      | <b>22,696</b>           | <b>8,738</b>                                      | <b>8,738</b>                |
| <b>Non-marketable equity securities</b>            |                      |                         |   |                             |
| Mutual Fund <sup>2</sup>                           | 11.87                | 96,138                  | 96,138  | 96,138                      |
| Korea Housing Guarantee Co., Ltd.                  | 11.79                | 68,648                  | 76,543  | 68,648                      |
| Daewoo Electronics Co.,Ltd.                        | 5.71                 | 23,800                  | 2,357   | 2,357                       |
| Daewoo Telecom Ltd.                                | 0.68                 | 417                     | 25  | 25                          |
| Kohap. Corp  | 2.68                 | 861                     | 23  | 23                          |

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|                                    |      |        |        |        |
|------------------------------------|------|--------|--------|--------|
| Chonggu Co.,Ltd.                   | 5.08 | 904    |        |        |
| Kt Icom Co., Ltd.                  | 2.08 | 37,465 | 37,748 | 37,465 |
| Dongbu Electronics Co., Ltd.       | 6.61 | 30,000 | 25,200 | 30,000 |
| Hyundai Petrochemical Co., Ltd.    | 9.31 | 20,173 | 72,064 | 20,173 |
| The Korea Securities Finance Corp. | 2.40 | 8,160  | 10,371 | 8,160  |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**5. Investment Securities, Continued;**

| <b>Issuer</b>                                  | <b>Ownership (%)</b> | <b>Acquisition Cost</b> | <b>Fair Value or Net Asset Value<sup>1*</sup></b> | <b>Balance Sheet Amount</b> |
|--|----------------------|-------------------------|---|-----------------------------|
| Korea Asset Management Corporation             | 5.38                 | 7,827                   | 5,589   | 7,827                       |
| Samsung Life Insurance Co., Ltd.               | 0.11                 | 7,479                   | 5,914   | 7,479                       |
| Korea Highway Corp.                            | 0.12                 | 6,248                   | 15,528  | 6,248                       |
| BC Card Co., Ltd.                              | 4.95                 | 5,738                   | 7,788   | 5,738                       |
| Mirae Asset Securities Co., Ltd.               | 4.43                 | 5,000                   | 8,212   | 5,000                       |
| Hanwha Investment Trust Management Co., Ltd.   | 11.00                | 3,487                   | 4,184   | 3,487                       |
| Korea Vilene Co.,Ltd.                          | 10.00                | 3,000                   | 3,455   | 3,000                       |
| Hyundai Home Shopping Network Corporation      | 5.96                 | 2,680                   | 2,123   | 2,680                       |
| National Information & Credit Evaluation INC.  | 7.85                 | 2,668                   | 4,004   | 2,668                       |
| Korea Aerospace Industries, Ltd.               | 0.46                 | 2,179                   | 1,349   | 2,179                       |
| Korea Digital Satellite Broadcasting Co., Ltd. | 0.65                 | 2,174                   | 2,029   | 2,174                       |
| Kyobo Investment Trust Management Co., Ltd.    | 7.00                 | 2,100                   | 3,390   | 2,100                       |
| C&S Microwave Co., Ltd.                        | 6.88                 | 2,000                   | 785   | 2,000                       |
| NICE e-Banking Services                        | 4.65                 | 2,000                   | 512   | 2,000                       |
| Others   |                      | 32,682                  | 27,947  | 32,682                      |
|  |                      | <u>373,828</u>          | <u>413,278</u>                                    | <u>350,251</u>              |
| Foreign equity securities                      |                      |                         |   |                             |
| Asia Credit Services (PTE) Ltd.                | 6.67                 | 12,255                  | 9,809   | 9,809                       |
| Asia Finance and Investment Corp.              | 2.17                 | 3,064                   | 1,877   | 3,064                       |
| Nanjing Kumho Tire Co., Ltd.                   | 6.00                 | 2,607                   | 1,897   | 2,607                       |
| Investment Development Leasing Com             | 10.00                | 1,573                   | 2,139   | 2,139                       |
| Pan Asia Paper (Thailand) Co., Ltd.            | 2.94                 | 3,308                   | 1,843   | 1,843                       |
| Tianjin Samsung Opto-Electronics.              | 10.00                | 1,197                   | 1,343   | 1,197                       |
| Others   |                      | 10,668                  | 12,532  | 9,604                       |
|  |                      | <u>34,672</u>           | <u>31,440</u>                                     | <u>30,263</u>               |
|  |                      | <u>(Won) 860,800</u>    | <u>(Won) 722,050</u>                              | <u>(Won) 657,846</u>        |

1\* Net asset value is calculated using the monthly closing information of investees as of September 30, 2002 if possible, otherwise the most recent financial information is used.

2\* Investments in mutual funds are calculated using 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.

Unrealized gains and losses on investment securities included in net income for the nine-month period ended September 30, 2002 are summarized as follows (in millions of Won):

| <b>Beginning Balance</b> | <b>Fair Value or Net Asset Value</b> | <b>Unrealized Gains</b> |
|--------------------------|--------------------------------------|-------------------------|
|--------------------------|--------------------------------------|-------------------------|

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|                                  |                             |                             |                             |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Investment in special funds      |                             |                             |                             |
| Stock market stabilization fund  | (Won) 18,156                | (Won) 19,852                | (Won) 1,696                 |
| Beneficiary certificates         |                             |                             |                             |
| Special fund for corporate bonds | 722,685                     | 755,557                     | 32,872                      |
|                                  | <u>                    </u> | <u>                    </u> | <u>                    </u> |
|                                  | (Won) 740,841               | (Won) 775,409               | (Won) 34,568                |
|                                  | <u>                    </u> | <u>                    </u> | <u>                    </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 period as gains and losses on investment in special funds.

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**5. Investment Securities, Continued;**

Impairment losses on investment securities for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

|   | <u>Acquisition Cost</u> | <u>Impairment Loss</u> | <u>Book Value</u> |
|---|-------------------------|------------------------|-------------------|
| <b>Equity Securities</b>                      |                         |                        |                   |
| Marketable equity securities (KSE)            |                         |                        |                   |
| Daewoo Securities Co., Ltd                    | (Won) 53,627            | (Won) 38,245           | (Won) 15,382      |
| Ssangyong Motor Company                       | 27,656                  | 18,235                 | 9,421             |
| Woo Bang Housing Co., Ltd.                    | 6,122                   | 3,280                  | 2,842             |
| Shinwon Corp.                                 | 12,159                  | 2,969                  | 9,190             |
| Hanmi Capital Co., Ltd.                       | 2,335                   | 849                    | 1,486             |
| Saehan Industries Inc.                        | 7,572                   | 652                    | 6,920             |
| Gun Young Co., Ltd.                           | 762                     | 441                    | 321               |
| Hyundai metal Co., Ltd                        | 574                     | 420                    | 154               |
| Hyundai metal Co., Ltd (preferred stock)      | 266                     | 207                    | 59                |
| Jindo Corporation                             | 207                     | 186                    | 21                |
| Maxon Telecom Co., Ltd (Preferred Stock)      | 830                     | 119                    | 711               |
| Hanchang                                      | 56                      | 32                     | 24                |
| Choongnam Spinning Co., Ltd.                  | 102                     | 22                     | 80                |
| Monalisa Co., Ltd.                            | 3                       | 2                      | 1                 |
|   | <u>112,271</u>          | <u>65,659</u>          | <u>46,612</u>     |
| Marketable equity securities (KOSDAQ)         |                         |                        |                   |
| C&H Capital Co., Ltd.                         | 8,136                   | 5,271                  | 2,865             |
| Hansol Mutual Savings Bank                    | 1,685                   | 1,551                  | 134               |
| Eyesvision Corporation                        | 1,491                   | 1,416                  | 75                |
| Prochips Technology Inc.                      | 1,323                   | 1,161                  | 162               |
| Shinwon Construction Co., Ltd.                | 1,622                   | 1,019                  | 603               |
| Miju Steel Co., Ltd.                          | 1,348                   | 922                    | 426               |
| Growell Telecom Co., Ltd.                     | 1,000                   | 917                    | 83                |
| NetSecure Technology, Inc.                    | 954                     | 841                    | 113               |
| Han Kook Capital Co., Ltd.                    | 1,203                   | 408                    | 795               |
| Ssangyong Engineering & Construction Co., Ltd | 548                     | 392                    | 156               |
| Seohan Co., Ltd.                              | 1,201                   | 199                    | 1,002             |
|   | <u>20,511</u>           | <u>14,097</u>          | <u>6,414</u>      |
| Non-marketable equity securities              |                         |                        |                   |
| Daewoo Electronics Co., Ltd.                  | 23,800                  | 21,443                 | 2,357             |
| Chonggu Co., Ltd.                             | 904                     | 904                    |                   |
| Kohap. Corp                                   | 861                     | 838                    | 23                |
| Daewoo Telecom, Ltd.                          | 417                     | 392                    | 25                |
|   | <u>25,982</u>           | <u>23,577</u>          | <u>2,405</u>      |

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Foreign equity securities

|                                    |                |                |               |
|------------------------------------|----------------|----------------|---------------|
| Asia Credit Services (PTE), Ltd.   | 12,255         | 2,446          | 9,809         |
| Pan Asia Paper (Thailand) Co.,Ltd. | 3,308          | 1,465          | 1,843         |
| Sahavirya Steel Inc.               | 919            | 294            | 625           |
|                                    | <u>16,482</u>  | <u>4,205</u>   | <u>12,277</u> |
|                                    | <u>175,246</u> | <u>107,538</u> | <u>67,708</u> |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**5. Investment Securities, Continued;**

|   | <u>Acquisition Cost</u> | <u>Impairment Loss</u> | <u>Book Value</u>    |
|---|-------------------------|------------------------|----------------------|
| <b>Debt Securities</b>                            |                         |                        |                      |
| Corporate bonds                                   |                         |                        |                      |
| Subordinated ABS bond                             | 59,500                  | 13,100                 | 46,400               |
| Debt securities denominated in foreign currencies |                         |                        |                      |
| Daehan Investment Trust Co., Ltd.( TRS-SWAP)      | 43,893                  | 14,726                 | 29,167               |
| Essar Gujarat LTD                                 | 1,838                   | 1,348                  | 490                  |
| SMM Finance Cayman Islands                        | 1,532                   | 1,195                  | 337                  |
| PT Argo Pantes                                    | 1,532                   | 797                    | 735                  |
| Amsteel Corporation Bhd                           | 919                     | 680                    | 239                  |
| PT Bakrie Investindo                              | 735                     | 676                    | 59                   |
| Tuntex  | 918                     | 275                    | 643                  |
| PT Fiskar Agung Jakarta                           | 184                     | 184                    |                      |
| PT Pelabuhan                                      | 11,778                  | 4,425                  | 7,353                |
| PT Indorayon                                      | 1,532                   | 1,501                  | 31                   |
| PT Pelabuhan                                      | 2,543                   | 705                    | 1,838                |
| Kohap Global Inv.                                 | 368                     | 368                    |                      |
| Dhamala   | 306                     | 275                    | 31                   |
|   | <u>68,078</u>           | <u>27,155</u>          | <u>40,923</u>        |
|   | <u>127,578</u>          | <u>40,255</u>          | <u>87,323</u>        |
|   | <u>(Won) 302,824</u>    | <u>(Won) 147,793</u>   | <u>(Won) 155,031</u> |

Recovery of impairment losses on equity investment securities for the nine-month period ended September 30, 2002 is (Won)15,318 million for the investment in Korea Housing Guarantee Co., Ltd. Recovery of impairment losses on debt investment securities for the period then ended is (Won)12,380 million for the investments in Subordinated ABS bond.

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**5. Investment Securities, Continued;**

Investment securities risk concentrations as of September 30, 2002 are as follows (in millions of Won):

|                                  | Securities in Won <sup>1*</sup> |               | Securities in foreign currencies |               |
|----------------------------------|---------------------------------|---------------|----------------------------------|---------------|
|                                  | Amount                          | Ratio (%)     | Amount                           | Ratio (%)     |
| <b>By Geography</b>              |                                 |               |                                  |               |
| Korea                            | (Won) 23,407,599                | 100.00        | (Won) 944,484                    | 77.46         |
| Philippines                      |                                 |               | 66,415                           | 5.45          |
| USA                              |                                 |               | 67,927                           | 5.57          |
| Germany                          |                                 |               | 34,315                           | 2.81          |
| Mexico                           |                                 |               | 19,516                           | 1.60          |
| Indonesia                        |                                 |               | 19,241                           | 1.58          |
| Thailand                         |                                 |               | 14,094                           | 1.16          |
| India                            |                                 |               | 13,462                           | 1.10          |
| Hong Kong                        |                                 |               | 12,196                           | 1.00          |
| Others                           |                                 |               | 27,680                           | 2.27          |
|                                  | <u>(Won) 23,407,599</u>         | <u>100.00</u> | <u>(Won) 1,219,330</u>           | <u>100.00</u> |
| <b>By Type</b>                   |                                 |               |                                  |               |
| Fixed rate bonds                 | (Won) 15,679,322                | 66.98         | (Won) 272,034                    | 22.31         |
| Floating rate bonds              | 1,610,529                       | 6.88          | 404,600                          | 33.18         |
| Subordinated bonds               | 472,922                         | 2.02          | 161,296                          | 13.23         |
| Convertible bonds                | 31,758                          | 0.14          | 208,680                          | 17.11         |
| Equity securities                | 2,061,489                       | 8.81          | 155,901                          | 12.79         |
| Others                           | 3,551,579                       | 15.17         | 16,819                           | 1.38          |
|                                  | <u>(Won) 23,407,599</u>         | <u>100.00</u> | <u>(Won) 1,219,330</u>           | <u>100.00</u> |
| <b>By Industry</b>               |                                 |               |                                  |               |
| Governmental institutions        | (Won) 4,223,753                 | 18.04         | (Won)                            |               |
| Government invested institutions | 8,117,754                       | 34.68         | 197,596                          | 16.21         |
| Financial institutions           | 5,885,547                       | 25.14         | 509,676                          | 41.80         |
| Others                           | 5,180,545                       | 22.14         | 512,058                          | 41.99         |
|                                  | <u>(Won) 23,407,599</u>         | <u>100.00</u> | <u>(Won) 1,219,330</u>           | <u>100.00</u> |

<sup>1\*</sup> Securities lent are not included.

The maturities of the investment securities, excluding investment equity securities, investment in special funds and securities lent, as of September 30, 2002 are summarized as follows (in millions of Won):

| Corporate Bonds | Others | Total |
|-----------------|--------|-------|
|-----------------|--------|-------|

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|  | <u>Government and<br/>Municipal Bonds</u> |                        | <u>Finance<br/>Debentures</u> |                        |       |                         | <u>Securities in<br/>foreign<br/>currencies</u> |                        |       |                        |       |                         |
|--|---|------------------------|-------------------------------|------------------------|-------|-------------------------|---|------------------------|-------|------------------------|-------|-------------------------|
| Due in 3 months or less                | (Won)                                     | 345,499                | (Won)                         | 60,673                 | (Won) | 467,234                 | (Won)   | 2,657,158              | (Won) | 146,913                | (Won) | 3,677,477               |
| Due after 3 months<br>through 6 months |   | 57,275                 |                               | 582,843                |       | 760,362                 |   | 535,378                |       | 63,501                 |       | 1,999,359               |
| Due after 6 months<br>through 9 months |   | 38,571                 |                               | 382,683                |       | 625,731                 |   | 180,657                |       | 100,476                |       | 1,328,118               |
| Due after 9 months<br>through 1 year   |   | 356,598                |                               | 137,386                |       | 4,095,070               |   |                        |       | 39,377                 |       | 4,628,431               |
| Due after 1 year through<br>2 years    |   | 990,157                |                               | 995,890                |       | 2,105,892               |   |                        |       | 335,497                |       | 4,427,436               |
| Due after 2 years<br>through 3 years   |   | 1,253,857              |                               | 107,829                |       | 2,059,264               |   |                        |       | 75,807                 |       | 3,496,757               |
| Due after 3 years<br>through 4 years   |   | 214,685                |                               |                        |       | 1,019,074               |   |                        |       | 116,319                |       | 1,350,078               |
| Due after 4 years<br>through 5 years   |   | 812,643                |                               |                        |       | 25,453                  |   |                        |       | 34,028                 |       | 872,124                 |
| Thereafter                             |   | 154,468                |                               |                        |       | 281,419                 |   |                        |       | 151,511                |       | 587,398                 |
|  |   | <u>(Won) 4,223,753</u> |                               | <u>(Won) 2,267,304</u> |       | <u>(Won) 11,439,499</u> |   | <u>(Won) 3,373,193</u> |       | <u>(Won) 1,063,429</u> |       | <u>(Won) 22,367,178</u> |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**5. Investment Securities, Continued;**

Currency concentrations of securities denominated in foreign currencies as of September 30, 2002 are as follows (in millions of Won):

|     | <b>Investment Securities</b> |                  |
|-----|------------------------------|------------------|
|     | <b>Amount</b>                | <b>Ratio (%)</b> |
| USD | (Won) 1,121,481              | 91.98            |
| GBP | 46,471                       | 3.81             |
| JPY | 40,357                       | 3.31             |
| DEM | 5,480                        | 0.45             |
| THB | 2,549                        | 0.21             |
| BDT | 2,139                        | 0.18             |
| PHP | 467                          | 0.04             |
| SFR | 348                          | 0.02             |
| IDR | 38                           | 0.00             |
|     | <b>(Won) 1,219,330</b>       | <b>100.00</b>    |

Securities lent as of September 30, 2002 are as follows (in millions of Won):

| <b>Company</b>                          | <b>Securities</b> | <b>Amount</b>        |
|---|-------------------|----------------------|
| LG Engineering & Construction Co., Ltd. | Corporate bonds   | (Won) 188,501        |
| Korea Development Corp.                 | Treasury bonds    | 10,153               |
| Kyung Nam Enterprises Ltd.              | Treasury bonds    | 73,683               |
|   |                   | <b>(Won) 272,337</b> |

Trading and investment securities of (Won)5,091,273 million (par value) can be discounted at the Bank of Korea as of September 30, 2002.

As of September 30, 2002, the following investment securities are pledged at various institutions (in millions of Won):

| <b>Transaction</b>            | <b>Related Liability</b>     |  | <b>Securities Provided</b> |                     |
|-------------------------------|------------------------------|--|----------------------------|---------------------|
|                               | <b>Amount</b>                |  | <b>Book Value</b>          | <b>Pledge Value</b> |
| Sale of RP                    | (Won)2,504,865               |  | (Won) 5,486,782            | (Won) 5,330,950     |
| BOK borrowings                | 1,664,708                    |  | 2,175,778                  | 2,131,250           |
| BOK settlements               | Borrowing within credit line |  | 348,153                    | 339,900             |
| Sale of non-performing loans  | Borrowing within credit line |  | 170,641                    | 166,671             |
| Derivatives transactions      | Borrowing within credit line |  | 98,094                     | 106,000             |
| Securities transactions       | 41,816                       |  | 43,260                     | 42,000              |
| Foreign currency transactions | Borrowing within credit line |  | 1,894                      | 1,900               |

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|       |                  |       |                  |
|-------|------------------|-------|------------------|
|       | <u>8,324,602</u> |       | <u>8,118,671</u> |
| (Won) |                  | (Won) |                  |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**6. Loans:**

Loans as of September 30, 2002 and 2001 are summarized as follows (in millions of Won):

| <u>Account</u>  | <u>Detailed Account</u>  | <u>2002</u>        | <u>2001</u>       |
|-----------------|--------------------------|--------------------|-------------------|
| Loans in Won    |                          |                    |                   |
| Corporate loans | <u>Operation loans</u>   |                    |                   |
|                 | General operation loans  | (Won) 27,640,862   | (Won) 19,080,910  |
|                 | Notes discounted         | 1,695,815          | 1,610,147         |
|                 | Overdraft accounts       | 709,871            | 235,160           |
|                 | Trading notes            | 844,982            | 594,055           |
|                 | Other operation loans    | 3,440,759          | 1,910,464         |
|                 |                          | <u>34,332,289</u>  | <u>23,430,736</u> |
|                 | <u>Facility loans</u>    |                    |                   |
|                 | General facility loans   | 3,857,127          | 3,296,505         |
|                 | Special purpose loans    | 7,786              | 397,316           |
|                 | Other facility loans     | 1,298,554          | 876,670           |
|                 |                          | <u>5,163,467</u>   | <u>4,570,491</u>  |
|                 |                          | <u>39,495,756</u>  | <u>28,001,227</u> |
| Consumer loans  | General consumer loans   | 38,439,359         | 16,997,861        |
|                 | Consumer housing loans   | 31,318,266         | 2,317,155         |
|                 | Consumer benefit loans   | 62,799             | 21,340            |
|                 | Other consumer loans     | 674,854            | 168,548           |
|                 |                          | <u>70,495,278</u>  | <u>19,504,904</u> |
| Public loans    | Public operation loans   | 738,637            | 323,349           |
|                 | Public facility loans    | 50,493             | 35,973            |
|                 |                          | <u>789,130</u>     | <u>359,322</u>    |
| Other loans     | Property formation loans | 101,560            | 192,266           |
|                 | Inter-bank loans         | 24,598             | 40,704            |
|                 | Factoring loans          | 35,204             |                   |
|                 | Others                   | 5,901              | 1,538             |
|                 |                          | <u>167,263</u>     | <u>234,508</u>    |
|                 |                          | <u>110,947,427</u> | <u>48,099,961</u> |



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|  |                          |                  |                  |
|--|--------------------------|------------------|------------------|
| Loans in foreign currencies                    | Domestic funding loans   | 1,504,941        | 1,554,593        |
|  | Overseas funding loans   | 925,764          | 898,018          |
|  | Inter-bank loans         | 1,082,357        | 1,148,715        |
|  | Domestic usance bills    | 4,722            | 4,724            |
|  | Government funding loans | 3,425            | 8,506            |
|  |                          | <u>3,521,209</u> | <u>3,614,556</u> |
| Bills bought in Won                            |                          | <u>30,080</u>    | <u>161,166</u>   |
| Bills bought in foreign currencies             |                          | <u>803,457</u>   | <u>1,036,400</u> |
| Payments on guarantees                         |                          | <u>73,337</u>    | <u>238,704</u>   |
| Credit card accounts                           |                          | <u>6,092,484</u> | <u>20,304</u>    |
| Bonds purchased under resale agreements ( RP ) |                          |                  | <u>10,000</u>    |

Continued;

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**6. Loans, Continued;**

| <u>Account</u>                         | <u>Detailed Account</u>          | <u>2002</u>              | <u>2001</u>             |
|--|----------------------------------|--------------------------|-------------------------|
| Call loans                             | Call loans in Won                | 450,000                  | 1,330,100               |
|  | Call loans in foreign currencies | 340,483                  | 246,172                 |
|  | Inter-bank reconciliation funds  | 52,286                   | 14,308                  |
|  |                                  | <u>842,769</u>           | <u>1,590,580</u>        |
| Privately placed debentures            |                                  | <u>1,397,757</u>         | <u>1,889,448</u>        |
| Loans convertible to equity securities |                                  | <u>17,543</u>            | <u>36,708</u>           |
|  |                                  | <u>123,726,063</u>       | <u>56,697,827</u>       |
| Allowances for loan losses(Note 7)     |                                  | (2,342,830)              | (1,703,207)             |
| Present value discounts                |                                  | (32,287)                 | (109,340)               |
|  |                                  | <u>(Won) 121,350,946</u> | <u>(Won) 54,885,280</u> |

Restructured loans due to the commencement of workout plans or other similar restructuring programs at September 30, 2002 are as follows (in millions of Won):

|                    | Settlements by issuance or grants of |                    |                                 |                      |                   |                              | Present Value Discounts |
|--------------------|--------------------------------------|--------------------|---------------------------------|----------------------|-------------------|------------------------------|-------------------------|
|                    | Balances before Restructuring        | Exemption          | Convertible Loans <sup>1*</sup> | Equity Securities    | Convertible Bonds | Balances after Restructuring |                         |
| Workout            | (Won) 351,065                        | (Won) 1,099        | (Won) 17,543                    | (Won) 90,106         | (Won) 24          | (Won) 242,293                | (Won) 7,081             |
| Court receivership | 138,919                              |                    |                                 | 96,443               |                   | 42,476                       | 10,585                  |
| Court mediation    | 204,819                              |                    |                                 | 2,398                |                   | 202,421                      | 14,621                  |
|                    | <u>(Won) 694,803</u>                 | <u>(Won) 1,099</u> | <u>(Won) 17,543</u>             | <u>(Won) 188,947</u> | <u>(Won) 24</u>   | <u>(Won) 487,190</u>         | <u>(Won) 32,287</u>     |

<sup>1\*</sup> The loans, or portions thereof, that are agreed to debt restructuring by issuance or grants of equity are separately classified as loans convertible into equity securities as of the agreement date. The loans convertible into equity securities 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 related allowance for loan losses.

The maturities of loans as of September 30, 2002 are as follows (in millions of Won):

| <u>Loans in Won</u> | <u>Loans in foreign currencies</u> | <u>Bills bought<sup>1*</sup></u> | <u>Credit card</u> | <u>Call loans</u> | <u>Privately Placed Debentures</u> | <u>Others</u> | <u>Total</u> |
|---------------------|------------------------------------|----------------------------------|--------------------|-------------------|------------------------------------|---------------|--------------|
|---------------------|------------------------------------|----------------------------------|--------------------|-------------------|------------------------------------|---------------|--------------|

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|                                     |                   |                 |               |                 |               |                 |              |                   |
|-------------------------------------|-------------------|-----------------|---------------|-----------------|---------------|-----------------|--------------|-------------------|
| Due in 3 months or less             | (Won) 14,078,419  | (Won) 1,265,762 | (Won) 722,777 | (Won) 4,075,164 | (Won) 842,769 | (Won) 215,083   | (Won) 19,929 | (Won) 21,219,903  |
| Due after 3 months through 6 months | 13,458,379        | 655,780         | 60,959        | 1,011,598       |               | 97,605          | 32,281       | 15,316,602        |
| Due after 6 months through 1 year   | 23,780,652        | 359,688         | 33,964        | 952,702         |               | 304,325         | 8,057        | 25,439,388        |
| Due after 1 year through 2 years    | 12,556,085        | 380,958         | 6,335         | 23,561          |               | 288,548         | 8,038        | 13,263,525        |
| Due after 2 years through 3 years   | 28,033,835        | 199,133         | 6,335         | 15,377          |               | 242,269         |              | 28,496,949        |
| Due after 3 years through 4 years   | 3,708,421         | 90,995          | 3,167         | 9,331           |               | 234,258         |              | 4,046,172         |
| Due after 4 years through 5 years   | 2,953,850         | 106,479         |               | 4,751           |               | 15,004          |              | 3,080,084         |
| Thereafter                          | 12,377,786        | 462,414         |               |                 |               | 665             | 22,575       | 12,863,440        |
|                                     | (Won) 110,947,427 | (Won) 3,521,209 | (Won) 833,537 | (Won) 6,092,484 | (Won) 842,769 | (Won) 1,397,757 | (Won) 90,880 | (Won) 123,726,063 |

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

Continued;

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants' Review Report)****6. Loans, Continued;**

Loan risk concentrations as of September 30, 2002 are as follows (in millions of Won):

|                         | Loans in Won      | Loans in<br>foreign<br>currencies | Others          | Total             | Percentage<br>(%) |
|-------------------------|-------------------|-----------------------------------|-----------------|-------------------|-------------------|
| by country              |                   |                                   |                 |                   |                   |
| Korea                   | (Won) 110,947,427 | (Won) 2,950,701                   | (Won) 9,195,805 | (Won) 123,093,933 | 99.49             |
| Southeast Asia          |                   | 69,782                            | 37,196          | 106,978           | 0.09              |
| Russia                  |                   | 121,325                           |                 | 121,325           | 0.10              |
| China                   |                   | 6,752                             |                 | 6,752             | 0.01              |
| Japan                   |                   | 242,988                           | 24,220          | 267,208           | 0.21              |
| Others                  |                   | 129,661                           | 206             | 129,867           | 0.10              |
|                         | (Won) 110,947,427 | (Won) 3,521,209                   | (Won) 9,257,427 | (Won) 123,726,063 | 100.00            |
| by industry             |                   |                                   |                 |                   |                   |
| Financial institutions  | (Won) 574,494     | (Won) 1,676,538                   | (Won) 892,534   | (Won) 3,143,566   | 2.54              |
| Manufacturing companies | 15,240,080        | 841,550                           | 1,309,224       | 17,390,854        | 14.06             |
| Service companies       | 3,225,836         | 750,076                           | 57,829          | 4,033,741         | 3.26              |
| Others                  | 21,304,277        | 188,224                           | 944,778         | 22,437,279        | 18.13             |
|                         | 40,344,687        | 3,456,388                         | 3,204,365       | 47,005,440        | 37.99             |
| Households              | 70,602,740        | 64,821                            | 6,053,062       | 76,720,623        | 62.01             |
|                         | (Won) 110,947,427 | (Won) 3,521,209                   | (Won) 9,257,427 | (Won) 123,726,063 | 100.00            |
| by customer             |                   |                                   |                 |                   |                   |
| Industrial loans        | (Won) 40,240,618  | (Won) 3,446,196                   | (Won) 3,204,365 | (Won) 46,891,179  | 37.90             |
| Household loans         | 70,602,740        | 64,821                            | 6,053,062       | 76,720,623        | 62.01             |
| Public and other loans  | 104,069           | 10,192                            |                 | 114,261           | 0.09              |
|                         | (Won) 110,947,427 | (Won) 3,521,209                   | (Won) 9,257,427 | (Won) 123,726,063 | 100.00            |

**7. Allowances for Loan Losses:**

As of September 30, 2002 and 2001, allowances for loan losses are as follows (in millions of Won):

| Allowance for  | 2002            | 2001          |
|--|-----------------|---------------|
| Loans in Won   | (Won) 1,820,283 | (Won) 993,072 |
| Loans in foreign currencies                                | 98,531          | 265,026       |
| Bills bought in Won and bills bought in foreign currencies | 24,868          | 113,545       |

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|  |                        |                        |
|--|------------------------|------------------------|
| Payments on guarantees                   | 41,991                 | 151,738                |
| Credit card accounts                     | 286,561                | 101                    |
| Privately placed debentures              | 38,679                 | 148,960                |
| Loans convertible into equity securities | 9,268                  | 27,082                 |
| Suspense receivables                     | 13,734                 | 1,526                  |
| Others <sup>1*</sup>                     | 8,915                  | 2,157                  |
|  | <u>(Won) 2,342,830</u> | <u>(Won) 1,703,207</u> |

1\* The Bank provides allowances amounting to 7,133 million Won for the estimated losses from the repurchase of loans sold to KAMCO that are under the repurchase agreement (See Note 17).

Continued;

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**7. Allowances for Loan Losses, Continued;**

As of September 30, 2002, allowances for loan losses and credit risk classifications are as follows (in millions of Won):

|                                   |               | <u>Normal</u>     | <u>Precautionary</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Estimated Loss</u> | <u>Total</u>      |
|-----------------------------------|---------------|-------------------|----------------------|--------------------|-----------------|-----------------------|-------------------|
| Loans in<br>Won                   | Loan balance  | (Won) 103,473,794 | (Won) 4,588,006      | (Won) 2,155,073    | (Won) 501,339   | (Won) 202,153         | (Won) 110,920,365 |
|                                   | Allowances    | 687,793           | 162,533              | 458,912            | 308,892         | 202,153               | 1,820,283         |
|                                   | Percentage(%) | 0.66              | 3.54                 | 21.29              | 61.61           | 100.00                | 1.64              |
| Loans in<br>foreign<br>currencies | Loan balance  | 3,192,438         | 118,523              | 169,464            | 27,443          | 8,985                 | 3,516,853         |
|                                   | Allowances    | 10,550            | 8,575                | 54,959             | 15,462          | 8,985                 | 98,531            |
|                                   | Percentage(%) | 0.33              | 7.23                 | 32.43              | 56.34           | 100.00                | 2.80              |
| Bills<br>bought <sup>1*</sup>     | Loan balance  | 669,132           | 139,916              | 3,833              | 8,996           | 11,660                | 833,537           |
|                                   | Allowances    | 3,346             | 2,798                | 767                | 6,297           | 11,660                | 24,868            |
|                                   | Percentage(%) | 0.50              | 2.00                 | 20.01              | 70.00           | 100.00                | 2.98              |
| Payments on<br>guarantees         | Loan balance  | 3,950             | 3,791                | 25,690             | 28,960          | 10,088                | 72,479            |
|                                   | Allowances    | 20                | 481                  | 5,138              | 26,264          | 10,088                | 41,991            |
|                                   | Percentage(%) | 0.51              | 12.69                | 20.00              | 90.69           | 100.00                | 57.94             |
| Credit card<br>accounts           | Loan balance  | 5,497,172         | 282,912              | 41                 | 251,456         | 60,903                | 6,092,484         |
|                                   | Allowances    | 54,972            | 19,804               | 8                  | 150,874         | 60,903                | 286,561           |
|                                   | Percentage(%) | 1.00              | 7.00                 | 19.51              | 60.00           | 100.00                | 4.70              |
| Call loans                        | Loan balance  | 842,769           |                      |                    |                 |                       | 842,769           |
|                                   | Allowances    |                   |                      |                    |                 |                       |                   |
|                                   | Percentage(%) | 0.00              | 0.00                 | 0.00               | 0.00            | 0.00                  | 0.00              |
| Privately<br>placed<br>debentures | Loan balance  | 1,293,108         | 17,274               | 71,771             | 14,232          | 1,361                 | 1,397,746         |
|                                   | Allowances    | 6,466             | 1,026                | 17,754             | 12,072          | 1,361                 | 38,679            |

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|                                 |                            |                   |                 |                 |               |               |                   |
|---------------------------------|----------------------------|-------------------|-----------------|-----------------|---------------|---------------|-------------------|
|                                 | Percentage(%)              | 0.50              | 5.94            | 24.74           | 84.82         | 100.00        | 2.77              |
| Convertible loans <sup>2*</sup> | Loan balance               |                   | 15,650          | 1,637           | 256           |               | 17,543            |
|                                 | Allowances                 |                   | 8,123           | 941             | 204           |               | 9,268             |
|                                 | Percentage(%)              | 0.00              | 51.90           | 57.48           | 79.69         | 0.00          | 52.83             |
| Total loans                     | Loan balance <sup>3*</sup> | (Won) 114,972,363 | (Won) 5,166,072 | (Won) 2,427,509 | (Won) 832,682 | (Won) 295,150 | (Won) 123,693,776 |
|                                 | Allowances <sup>4*</sup>   | 763,147           | 203,340         | 538,479         | 520,065       | 295,150       | 2,320,181         |
|                                 | Percentage(%)              | 0.66              | 3.94            | 22.18           | 62.46         | 100.00        | 1.88              |

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

2\* Loans convertible into equity securities

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

4\* 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 QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****7. Allowances for Loan Losses, Continued;**

The movements in allowances for loan losses for the nine-month periods ended September 30, 2002 and 2001, are as follows (in millions of Won):

|   | <u>2002</u>            | <u>2001</u>            |
|---|------------------------|------------------------|
| <u>Beginning Balance</u>  | (Won) 2,271,179        | (Won) 1,826,700        |
| Increase due to:  |                        |                        |
| Provision for loan losses   | 946,200                | 509,324                |
| Collection of written-off loans                                       | 191,862                | 47,087                 |
| Troubled debt restructuring   | 51,631                 | 31,442                 |
| Repurchase of loans sold  | 6,560                  | 3,307                  |
| Others  | 28,604                 | 17,085                 |
|   | <u>1,224,857</u>       | <u>608,245</u>         |
| Decrease due to:  |                        |                        |
| Written-off loans   | 891,010                | 498,626                |
| Sale of loans   | 65,370                 | 42,576                 |
| Conversion of loans into equity securities                            | 119,986                | 137,264                |
| Exemption of loans  | 7,094                  | 35,733                 |
| Set-off with present value discounts from troubled debt restructuring | 46,651                 | 17,539                 |
| Change in exchange rates and others                                   | 23,095                 |                        |
|   | <u>1,153,206</u>       | <u>731,738</u>         |
| <u>Ending Balance</u>   | <u>(Won) 2,342,830</u> | <u>(Won) 1,703,207</u> |

As of September 30, 2002 and 2001, the ratios of allowances for loan losses to loans are as follows (in millions of Won):

|  | <u>2002</u>       | <u>2001</u>      |
|--|-------------------|------------------|
| Loans <sup>1*</sup>                      | (Won) 123,693,776 | (Won) 56,588,487 |
| Allowances for loan losses <sup>2*</sup> | 2,320,181         | 1,699,524        |
| Ratio (%)                                | <u>1.88</u>       | <u>3.00</u>      |

1\* The above amounts of loans are net of present value discounts and suspense receivables.

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



**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**8. Fixed Assets:**

Fixed assets at June 30, 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     |
| <b>Tangible assets</b>                                |                        |                          |                        |                        |                          |                        |
| Land  | (Won) 1,176,052        | (Won)                    | (Won) 1,176,052        | (Won) 734,210          | (Won)                    | (Won) 734,210          |
| Buildings and structures                              | 824,289                | 103,556                  | 720,733                | 512,850                | 86,232                   | 426,618                |
| Leasehold improvements                                | 73,934                 | 41,736                   | 32,198                 | 30,966                 | 26,351                   | 4,615                  |
| Equipment and vehicles                                | 988,627                | 524,055                  | 464,572                | 508,223                | 406,310                  | 101,913                |
| Constructions in progress                             | 7,513                  |                          | 7,513                  | 5,440                  |                          | 5,440                  |
|   | <u>(Won) 3,070,415</u> | <u>(Won) 669,347</u>     | <u>(Won) 2,401,068</u> | <u>(Won) 1,791,689</u> | <u>(Won) 518,893</u>     | <u>(Won) 1,272,796</u> |
| <b>Intangible assets</b>                              |                        |                          | 633,791                |                        |                          | 5,855                  |
| <b>Foreclosed assets (net of valuation allowance)</b> |                        |                          | 1,488                  |                        |                          | 2,062                  |
|   |                        |                          | <u>(Won) 3,036,347</u> |                        |                          | <u>(Won) 1,280,713</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 property and equipment, other than those personal properties valued under (Won)1 million, are covered by insurance policies of (Won)986,233 million and (Won)592,394 million as of September 30, 2002 and 2001, respectively. All vehicles are covered by legal and general insurance policies.

Movements in intangible assets for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

|   | Acquisition Cost     | Increase         | Accumulated Depreciation | Net Carrying Value   |
|---|----------------------|------------------|--------------------------|----------------------|
| Goodwill due to the combination with H&CB | (Won) 692,050        | (Won)            | (Won) 58,759             | (Won) 633,291        |
| Premiums for rented store                 | 196                  | 101              | 34                       | 263                  |
| Rights to income on donated asset         | 117                  |                  | 6                        | 111                  |
| Trademarks                                | 23                   |                  | 10                       | 13                   |
| Others                                    | 4                    | 117              | 8                        | 113                  |
|   | <u>(Won) 692,390</u> | <u>(Won) 218</u> | <u>(Won) 58,817</u>      | <u>(Won) 633,791</u> |

The total government-posted price of land for tax imposition and compensation for confiscation as of September 30, 2002 and 2001 is as follows (in millions of Won):

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|                                     | 2002            |                 | 2001          |                 |
|-------------------------------------|-----------------|-----------------|---------------|-----------------|
|                                     | Book Value      | Appraisal Value | Book Value    | Appraisal Value |
| Lands included in tangible assets   | (Won) 1,176,052 | (Won) 982,636   | (Won) 734,210 | (Won) 604,127   |
| Lands included in foreclosed assets | 2,885           | 952             | 3,928         | 1,444           |
|                                     | (Won) 1,178,937 | (Won) 983,588   | (Won) 738,138 | (Won) 605,571   |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**9. Other Assets:**

Other assets at September 30, 2002 and 2001 comprise the following (in millions of Won):

|                             | <u>2002</u>            | <u>2001</u>            |
|-----------------------------|------------------------|------------------------|
| Guarantee deposits paid     | (Won) 1,209,864        | (Won) 619,832          |
| Accounts receivable         | 2,564,567              | 1,835,236              |
| Accrued income              | 1,050,577              | 1,017,319              |
| Payments in advance         | 51,732                 | 31,428                 |
| Prepaid expenses            | 18,890                 | 43,906                 |
| Deferred income tax debits  | 29,274                 |                        |
| Derivative assets (Note16 ) | 597,147                | 278,910                |
| Unsettled exchange assets   | 555,708                | 282,566                |
| Loans to trust accounts     | 72,023                 | 231,145                |
| Others                      | 17,144                 | 13,375                 |
|                             | <u>(Won) 6,166,926</u> | <u>(Won) 4,353,717</u> |

**10. Deposits:**

Deposits at September 30, 2002 and 2001 comprise the following (in millions of Won):

|   | <u>Annual Interest (%)</u> | <u>2002</u>       | <u>2001</u>      |
|---|----------------------------|-------------------|------------------|
| <b>Deposits in Won</b>                                    |                            |                   |                  |
| <b>Demand deposits</b>                                    |                            |                   |                  |
| Current deposits  |                            | (Won) 54,036      | (Won) 160,432    |
| Household deposits  | 0.50                       | 460,005           | 373,058          |
| Passbook deposits   | 0.50                       | 7,874,163         | 2,450,355        |
| Temporary deposits  |                            | 3,991,798         | 2,045,080        |
| Public fund deposits                                      | 0.50                       | 129,440           | 65,791           |
| Others  |                            | 10,916            | 5                |
|   |                            | <u>12,520,358</u> | <u>5,094,721</u> |
| <b>Time deposits and savings deposits</b>                 |                            |                   |                  |
| Time deposits   | 3.50-5.35                  | 58,684,886        | 27,145,399       |
| Installment savings deposits                              | 4.20-5.15                  | 1,480,217         | 621,731          |
| Savings deposits for money sum                            | 8.50-10.5                  | 2,324             | 203              |
| Time and savings deposits of non-resident citizens in won |                            | 87,292            |                  |
| General savings deposits                                  | 0.50-3.80                  | 21,884,786        | 12,143,150       |
| Unrestricted corporate savings deposits                   | 0.50-3.80                  | 6,782,773         | 4,695,726        |
| Long term savings for employees                           | 8.20-13.5                  | 362,184           | 457,163          |
| Long term housing savings                                 | 5.65                       | 470,634           | 52,501           |
| Long term savings for households                          | 5.15-12.0                  | 2,339,154         | 1,934,446        |
| Employee preferential savings deposits                    | 5.35                       | 2,985,423         | 1,042,087        |

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|  |           |                    |                   |
|--|-----------|--------------------|-------------------|
| Housing savings deposits for employees | 5.65      | 85                 | 36                |
| Mutual installment deposits            | 3.50-5.25 | 7,604,811          | 6,157,727         |
| Housing installment deposits           | 4.85-5.25 | 4,660,379          | 367,236           |
|  |           | <u>107,344,948</u> | <u>54,617,405</u> |
|  |           | <u>119,865,306</u> | <u>59,712,126</u> |

Continued;

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****10. Deposits, Continued;**

Deposits at September 30, 2002 and 2001 comprise the following (in millions of Won):

|                                       | <u>Annual Interest (%)</u> | <u>2002</u>              | <u>2001</u>             |
|---------------------------------------|----------------------------|--------------------------|-------------------------|
| <u>Deposits in foreign currencies</u> |                            |                          |                         |
| Demand deposits                       |                            |                          |                         |
| Current deposits                      | 0.00-3.00                  | 28,781                   | 21,452                  |
| Passbook deposits                     | 0.10-0.57                  | 435,696                  | 278,694                 |
| Notice deposits                       | 0.20-3.50                  | 25,216                   | 19,660                  |
| Temporary deposits                    |                            | 5,214                    | 2,959                   |
|                                       |                            | <u>494,907</u>           | <u>322,765</u>          |
| Time deposits and savings deposits    |                            |                          |                         |
| Time deposits                         | 0.50-5.40                  | 489,006                  | 496,262                 |
| Others                                |                            | 2,502                    | 3,284                   |
|                                       |                            | <u>491,508</u>           | <u>499,546</u>          |
|                                       |                            | <u>986,415</u>           | <u>822,311</u>          |
| <u>Certificates of deposit</u>        | 4.00-4.80                  | 2,327,069                | 1,820,741               |
|                                       |                            | <u>(Won) 123,178,790</u> | <u>(Won) 62,355,178</u> |

The maturities of deposits as of September 30, 2002 are as follows (in millions of Won):

|                                     | <u>Deposits in Won</u>   | <u>Deposits in<br/>foreign currencies</u> | <u>Certificates of<br/>Deposit</u> | <u>Total</u>             |
|-------------------------------------|--------------------------|---|------------------------------------|--------------------------|
| Due in 3 months or less             | (Won) 63,695,060         | (Won) 856,360                             | (Won) 979,871                      | (Won) 65,531,291         |
| Due after 3 months through 6 months | 14,668,658               | 85,717                                    | 1,287,626                          | 16,042,001               |
| Due after 6 months through 1 year   | 27,093,123               | 29,384                                    | 59,572                             | 27,182,079               |
| Due after 1 year through 2 years    | 8,795,276                | 12,716                                    |                                    | 8,807,992                |
| Due after 2 years through 3 years   | 4,069,012                | 2,138                                     |                                    | 4,071,150                |
| Due after 3 years through 4 years   | 946,427                  | 24  |                                    | 946,451                  |
| Due after 4 years through 5 years   | 263,685                  | 76  |                                    | 263,761                  |
| Thereafter                          | 334,065                  |   |                                    | 334,065                  |
|                                     | <u>(Won) 119,865,306</u> | <u>(Won) 986,415</u>                      | <u>(Won) 2,327,069</u>             | <u>(Won) 123,178,790</u> |

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**11. Borrowings:**

Borrowings as of September 30, 2002 and 2001 comprise the following (in millions of Won):

|   | <u>Annual Interest (%)</u> | <u>2002</u>      | <u>2001</u>      |
|---|----------------------------|------------------|------------------|
| <b>Borrowings in Won</b>  |                            |                  |                  |
| Borrowings from the Bank of Korea                                 |                            |                  |                  |
| Security collateralized borrowings                                | 2.50                       | (Won) 1,664,708  | (Won) 1,046,344  |
| Others  | 5.00                       |                  | 1,677            |
|   |                            | <u>1,664,708</u> | <u>1,048,021</u> |
| Borrowings from the government                                    |                            |                  |                  |
| Borrowings from public finance                                    | 5.00-5.57                  | 369,552          | 85,835           |
| Others  | 0.00-8.30                  | 695,708          | 534,087          |
|   |                            | <u>1,065,260</u> | <u>619,922</u>   |
| Borrowings from banking institutions                              |                            |                  |                  |
| Debenture funds for the development of small to medium industries | 4.60-9.55                  | 374,236          | 118,851          |
| Other borrowings from domestic banks                              |                            |                  | 208,997          |
|   |                            | <u>374,236</u>   | <u>327,848</u>   |
| Borrowings from National Housing Fund                             |                            |                  |                  |
|   | 8.00                       | 9,321            |                  |
| Borrowings from non-banking financial institutions                |                            |                  |                  |
| Borrowings from Korea Development Bank                            | 2.00-5.00                  | 6,520            | 405              |
| Subordinated borrowings   | 5.59-6.52                  | 580,000          | 430,000          |
| Other finance borrowings  |                            |                  | 117,480          |
|   |                            | <u>586,520</u>   | <u>547,885</u>   |
| Other borrowings  |                            |                  |                  |
| Borrowings from local governments                                 | 2.20-8.00                  | 394,850          | 442,209          |
| Borrowings from Small and Medium Industry Promotion               | 4.90-5.75                  | 702,327          | 665,040          |
| Others  | 3.00-7.00                  | 82,499           | 133,109          |
|   |                            | <u>1,179,676</u> | <u>1,240,358</u> |
|   |                            | <u>4,879,721</u> | <u>3,784,034</u> |
| <b>Borrowings denominated in foreign currencies</b>               |                            |                  |                  |
| Borrowings from domestic banks                                    | 3.11                       | 549,473          | 660,614          |
| Borrowings from foreign banks                                     | 2.86                       | 1,675,799        | 837,277          |

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|   |           |                         |                        |
|---|-----------|-------------------------|------------------------|
| Borrowings from other financial institutions                      | 2.21      | 23,575                  | 190,422                |
|   |           | <u>2,248,847</u>        | <u>1,688,313</u>       |
| <u>Bonds sold under repurchase agreements</u>                     | 2.03-4.85 | 2,504,865               | 3,640,439              |
| <u>Bills sold</u>   | 4.00-4.80 | 81,584                  | 501,070                |
| <u>Due to the Bank of Korea denominated in foreign currencies</u> |           | 49,061                  | 136,872                |
| <u>Call money</u>   |           |                         |                        |
| Won   | 3.75-4.15 | 280,800                 |                        |
| Foreign currencies  | 0.25-5.90 | 209,502                 | 229,539                |
|   |           | <u>490,302</u>          | <u>229,539</u>         |
|   |           | <u>(Won) 10,254,380</u> | <u>(Won) 9,980,267</u> |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**11. Borrowings, Continued;**

The maturities of borrowings as of September 30, 2002 are as follows (in millions of Won):

|                                     | <u>Borrowings<br/>in Won</u> | <u>Borrowings in<br/>foreign currencies</u> | <u>Others</u>          | <u>Total</u>            |
|-------------------------------------|------------------------------|---|------------------------|-------------------------|
| Due in 3 months or less             | (Won) 2,362,756              | (Won) 997,707                               | (Won) 2,829,292        | (Won) 6,189,755         |
| Due after 3 months through 6 months | 217,139                      | 150,422                                     | 141,058                | 508,619                 |
| Due after 6 months through 1 year   | 111,992                      | 444,809                                     | 155,462                | 712,263                 |
| Due after 1 year through 2 years    | 601,003                      | 274,696                                     |                        | 875,699                 |
| Due after 2 years through 3 years   | 446,397                      | 105,409                                     |                        | 551,806                 |
| Due after 3 years through 4 years   | 352,886                      | 100,399                                     |                        | 453,285                 |
| Due after 4 years through 5 years   | 241,740                      | 100,105                                     |                        | 341,845                 |
| Thereafter                          | 545,808                      | 75,300                                      |                        | 621,108                 |
|                                     | <u>(Won) 4,879,721</u>       | <u>(Won) 2,248,847</u>                      | <u>(Won) 3,125,812</u> | <u>(Won) 10,254,380</u> |

**12. Debentures:**

Debentures as of September 30, 2002 and 2001 comprise the following (in millions of Won):

|  | <u>Annual Interest (%)</u> | <u>2002</u>             | <u>2001</u>            |
|--|----------------------------|-------------------------|------------------------|
| Debentures in Won                            |                            |                         |                        |
| Subordinated debentures                      | 6.69-15.66                 | (Won) 4,054,140         | (Won) 1,876,231        |
| Discounted debentures                        | 4.12-13.79                 | 790,183                 | 1,241,139              |
| Coupon debentures                            | 4.75-16.75                 | 1,523,205               | 167,362                |
| Compound interest debentures                 | 4.76-17.69                 | 6,414,846               | 988,143                |
|  |                            | <u>12,782,374</u>       | <u>4,272,875</u>       |
| Discounts on debentures                      |                            | (208,830)               | (10,751)               |
|  |                            | <u>12,573,544</u>       | <u>4,262,124</u>       |
| Debentures denominated in foreign currencies |                            |                         |                        |
| Subordinated debentures                      | 3.00-3.56                  | 479,945                 | 576,004                |
| Coupon debentures                            | 1.97-5.00                  | 465,692                 | 779,792                |
|  |                            | <u>945,637</u>          | <u>1,355,796</u>       |
| Discounts on debentures                      |                            | (4,255)                 | (5,858)                |
|  |                            | <u>941,382</u>          | <u>1,349,938</u>       |
|  |                            | <u>(Won) 13,514,926</u> | <u>(Won) 5,612,062</u> |



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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**12. Debentures, Continued;**

As of September 30, 2002, debentures in Won comprise the following:

|                       | <u>Issue Date</u> | <u>Hundred millions<br/>of Won</u> | <u>Annual Interest (%)</u> | <u>Maturity</u> |
|-----------------------|-------------------|------------------------------------|----------------------------|-----------------|
| Subordinated          |                   |                                    |                            |                 |
| Floating rate         | 1998-12-29        | (Won) 2,212                        | 5.98                       | 2004-03-31      |
|                       | 1998-12-29        | 883                                | 6.98                       | 2004-03-31      |
| Fixed rate            | 1997-12-26        | 400                                | 15.30                      | 2002-12-26      |
|                       | 1997-12-29        | 1,000                              | 16                         | 2004-01-05      |
|                       | 1998-06-18        | 600                                | 15.66                      | 2003-07-18      |
|                       | 1998-06-23        | 1,749                              | 15.02                      | 2003-11-15      |
| Sold over the counter | 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      |
| Housing debentures    | 1998-12-31        | 270                                | 5.98                       | 2004-03-31      |
| Non-subordinated      |                   |                                    |                            |                 |
| 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      |
|                       | 2001-10-28        | 500                                | 4.21                       | 2002-10-28      |
|                       | 1988.07-2002.06   | 78,870                             | 4.12-17.69                 | 1991.04-2007.09 |
| Sold over the counter | 1989.08-2000.09   | 13                                 | 6.28-16.28                 | 1990.11-2005.03 |
|                       |                   | (Won) 127,824                      |                            |                 |

Continued;



**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****12. Debentures, Continued;**

As of September 30, 2002, debentures denominated in foreign currencies comprise the following:

|                                      | <u>Issue Date</u> | <u>Thousands of Dollars</u> | <u>Annual Interest (%)</u> | <u>Maturity</u> | <u>Listings</u> |
|--------------------------------------|-------------------|-----------------------------|----------------------------|-----------------|-----------------|
| Subordinated                         |                   |                             |                            |                 |                 |
| Floating rate                        | 1996-12-30        | USD 190,000                 | 3.76                       | 2006-12-30      | Luxembourg      |
| Convertible bond ( CB )              | 1999-06-14        | USD 200,000                 | 3.00                       | 2005-06-14      | Not listed      |
| Non-subordinated                     |                   |                             |                            |                 |                 |
| Floating rate                        | 2002-04-03        | USD 46,000                  | 2.04                       | 2003-04-02      | Not listed      |
|                                      | 2002-04-03        | USD 81,000                  | 2.15                       | 2004-04-02      | Not listed      |
|                                      | 1997-10-30        | USD 33,340                  | 3.32                       | 2002-10-30      | Not listed      |
|                                      | 2000-04-10        | USD 40,000                  | 3.39                       | 2003-04-10      | Not listed      |
|                                      | 2000-06-02        | USD 10,000                  | 3.38                       | 2003-06-02      | Not listed      |
|                                      | 2000-08-10        | USD 12,500                  | 2.65                       | 2003-08-11      | Not listed      |
|                                      | 2002-07-03        | HKD 800,000                 | 1.96                       | 2003-07-02      | Not listed      |
| Fixed rate                           | 2000-04-20        | SGD 100,000                 | 5.00                       | 2003-04-20      | Not listed      |
| USD Equivalent (in thousands of USD) |                   |                             |                            |                 |                 |
|                                      |                   | USD 771,634                 |                            |                 |                 |
| KRW Equivalent (in millions of Won)  |                   |                             |                            |                 |                 |
|                                      |                   | (Won) 945,637               |                            |                 |                 |

Among the debentures in foreign currencies, the subordinated debenture series issued during 1996 have annual call redemption options, which may be exercised on or after 5 years from the issuance dates

USD 10,000 thousand of the Bank's own debentures in foreign currencies reacquired by the Bank are deducted from the debentures series issued on December 30, 1996.

As of September 30, 2002, the conversion terms of the subordinated convertible bonds outstanding in the debentures in foreign currencies are as follows:

|                          | <u>Fixed Rate Subordinated CB</u> |
|--------------------------|-----------------------------------|
| Face value               | USD 200 million                   |
| Issue price              | USD 200 million                   |
| Book value               | (Won)245,100,000,000              |
| Conversion price         | (Won)22,124 per share             |
| Conversion stock         | Common stock                      |
| Convertible period       | 1999-07-14 2005-06-14             |
| Conversion exchange rate | US\$ 1: (Won)1,170.50             |
| Method of redemption     | Fully redeemed at maturity        |

The maturities of debentures as of September 30, 2002 are as follows (in millions of Won):

| <u>Won</u> | <u>Foreign currencies</u> | <u>Total</u> |
|------------|---------------------------|--------------|
|------------|---------------------------|--------------|

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|                                     |                         |                      |                         |
|-------------------------------------|-------------------------|----------------------|-------------------------|
| Due in 3 months or less             | (Won) 880,586           | (Won) 40,858         | (Won) 921,444           |
| Due after 3 months through 6 months | 1,947,157               |                      | 1,947,157               |
| Due after 6 months through 1 year   | 4,451,977               | 327,569              | 4,779,546               |
| Due after 1 year through 2 years    | 1,584,710               | 99,265               | 1,683,975               |
| Due after 2 years through 3 years   | 615,289                 | 245,100              | 860,389                 |
| Due after 3 years through 4 years   | 1,122,283               |                      | 1,122,283               |
| Due after 4 years through 5 years   | 1,983,421               | 232,845              | 2,216,266               |
| Thereafter                          | 196,951                 |                      | 196,951                 |
|                                     | <u>(Won) 12,782,374</u> | <u>(Won) 945,637</u> | <u>(Won) 13,728,011</u> |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited-See Accountants' Review Report)****13. Other Liabilities:**

Other liabilities at September 30, 2002 and 2001 comprise the following (in millions of Won):

|  | <u>2002</u>             | <u>2001</u>            |
|--|-------------------------|------------------------|
| Accrued retirement benefits (Note 14)                      | (Won) 71,591            | (Won) 260,635          |
| Allowance for loss on acceptances and guarantees (Note 15) | 22,124                  | 24,993                 |
| Due to trust accounts                                      | 856,873                 | 686,331                |
| Accounts payable   | 2,512,391               | 1,891,607              |
| Accrued expenses   | 4,785,644               | 2,356,860              |
| Advances from customers                                    | 71,201                  | 33,478                 |
| Unearned income  | 137,172                 | 119,319                |
| Withholding taxes  | 80,425                  | 55,111                 |
| Guarantee deposits received                                | 117,172                 | 86,115                 |
| Deferred tax liabilities (Note 26)                         |                         | 5,506                  |
| Derivative liabilities (Note 16)                           | 518,174                 | 277,206                |
| Unsettled domestic exchange transaction                    | 62,812                  | 295,919                |
| Due to agencies  | 527,102                 | 65,103                 |
| Other allowances <sup>1*</sup>                             | 25,114                  |                        |
| Giro accounts  | 240,279                 | 56,767                 |
| Others   | 221,371                 | 30,659                 |
|  | <u>(Won) 10,249,445</u> | <u>(Won) 6,245,609</u> |

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

|                                    | <u>Amounts</u>      | <u>Remarks</u>   |
|------------------------------------|---------------------|--|
| Suspense receivables               | (Won) 6,500         | Allowance for loss on accident   |
| Loss on closure of overseas branch | 5,898               | Allowance for loss on closure of the branch in Buenos Aires                    |
| Uncollected leasehold deposits     | 4,757               | Allowance for loss on uncollected leasehold deposits                           |
| Credit card receivables            | 7,959               | Allowance for unused cash advance to offset the risk of loss occurring from it |
|                                    | <u>(Won) 25,114</u> |  |

**14. Accrued Retirement Benefits:**

The movements in accrued retirement benefits for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

|                                 | <u>Beginning<br/>Balance</u> | <u>Amounts<br/>Provided</u> | <u>Amounts<br/>Paid Out</u> | <u>Ending<br/>Balance</u> |
|---------------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|
| Retained retirement benefits    | (Won) 21,973                 | (Won) 59,669                | (Won) 10,046                | (Won) 71,596              |
| Contributed retirement benefits | 28,414                       | 492                         | 192                         | 28,714                    |

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|                                       |              |              |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Total accrued retirement benefits     | 50,387       | 60,161       | 10,238       | 100,310      |
| Contribution to National Pension Fund | (33)         |              | (28)         | (5)          |
| Contribution to pension funds         | (28,414)     | (492)        | (192)        | (28,714)     |
|                                       | (Won) 21,940 | (Won) 59,669 | (Won) 10,018 | (Won) 71,591 |

Contributed retirement benefits, comprising approximately 28.63% of total accrued retirement benefits as of September 30, 2002, are contributions to pension funds at 2 insurance companies, including Korea Life Insurance Co., Ltd., and the Bank's employees hold the right of payment from these funds.

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited-See Accountants' Review Report)**

**15. Guarantees and Acceptances:**

Guarantees and acceptances at September 30, 2002 and 2001 are summarized as follows (in millions of Won):

|  |  | <u>2002</u>            | <u>2001</u>            |
|--|--|------------------------|------------------------|
| <b>Guarantees and acceptances outstanding</b>    |  |                        |                        |
| Guarantees and acceptances in Won                | Guarantees on debentures                           | (Won) 580              | (Won) 5,363            |
|  | Guarantees on loan collateral                      | 38,953                 | 46,821                 |
|  | Guarantees on commercial bills                     | 723                    | 25                     |
|  | Others   | 243,599                | 137,471                |
|  |  | <u>283,855</u>         | <u>189,680</u>         |
| Guarantees and acceptances in foreign currencies | Acceptances on letters of credit                   | 2,135,504              | 1,912,235              |
|  | Acceptances for letters of guarantee for importers | 88,880                 | 70,205                 |
|  | Guarantees for performance                         | 104,804                | 94,272                 |
|  | Guarantees for bid                                 | 1,121                  | 1,008                  |
|  | Guarantees for borrowings                          | 26,494                 | 23,832                 |
|  | Guarantees for repayment of advances               | 27,236                 | 24,499                 |
|  | Others   | 341,408                | 325,504                |
|  |  | <u>2,725,447</u>       | <u>2,451,555</u>       |
| <b>Contingent guarantees and acceptances</b>     |  | <u>3,009,302</u>       | <u>2,641,235</u>       |
|  | Letters of Credit                                  | 1,204,271              | 1,117,188              |
|  | Others   | 132,536                | 309,399                |
|  |  | <u>1,336,807</u>       | <u>1,426,587</u>       |
|  |  | <u>(Won) 4,346,109</u> | <u>(Won) 4,067,822</u> |

At September 30, 2002 the allowances for losses on guarantees and acceptances outstanding according to credit risk classifications are as follows (in millions of Won):

|                                   |           | <u>Normal</u> | <u>Precautionary</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Estimated Loss</u> | <u>Total</u>  |
|-----------------------------------|-----------|---------------|----------------------|--------------------|-----------------|-----------------------|---------------|
| Guarantees and acceptances in Won | Balance   | (Won) 270,047 | (Won) 11,856         | (Won) 1,800        | (Won) 152       | (Won)                 | (Won) 283,855 |
|                                   | Allowance |               |                      | 360                | 136             |                       | 496           |
|                                   | Ratio (%) |               |                      | 20.00              | 89.47           | 100                   | 0.17          |



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|  |           |                 |               |              |              |           |                 |
|--|-----------|-----------------|---------------|--------------|--------------|-----------|-----------------|
| Guarantees and acceptances in foreign currencies | Balance   | 2,551,395       | 121,282       | 37,686       | 14,923       | 161       | 2,725,447       |
|  | Allowance |                 |               | 10,620       | 10,847       | 161       | 21,628          |
|  | Ratio (%) |                 |               | 28.18        | 72.69        | 100.0     | 0.79            |
| Total  | Balance   | (Won) 2,821,442 | (Won) 133,138 | (Won) 39,486 | (Won) 15,075 | (Won) 161 | (Won) 3,009,302 |
|  | Allowance |                 |               | 10,980       | 10,983       | 161       | 22,124          |
|  | Ratio (%) |                 |               | 27.81        | 72.86        | 100.0     | 0.74            |

The allowance ratios to guarantees and acceptances outstanding as of September 30, 2002 and 2001 are as follows (in millions of Won):

|   | 2002            | 2001            |
|---|-----------------|-----------------|
| Guarantees and acceptances outstanding                            | (Won) 3,009,302 | (Won) 2,641,235 |
| Allowances for losses from guarantees and acceptances outstanding | 22,124          | 24,993          |
| Ratio (%)   | 0.74            | 0.95            |

Continued;

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**15. Guarantees and Acceptances, Continued;**

For the nine-month periods ended September 30, 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) 37,330        |
| Reversal of allowance             | (18,417)            | (12,337)            |
| Changes in foreign exchange rates | (3,282)             |                     |
| Ending balance                    | <u>(Won) 22,124</u> | <u>(Won) 24,993</u> |

The guarantees and acceptances risk concentration by country as of September 30, 2002 are as follows (in millions of Won):

|        | <u>Guarantees and<br/>Acceptances Outstanding</u> |                       | <u>Contingent Guarantees and<br/>Acceptances</u> |                       | <u>Total</u>           |                       |
|--------|---|-----------------------|--|-----------------------|------------------------|-----------------------|
|        | <u>Balance</u>                                    | <u>Percentage (%)</u> | <u>Balance</u>                                   | <u>Percentage (%)</u> | <u>Balance</u>         | <u>Percentage (%)</u> |
| Korea  | (Won) 2,978,092                                   | 98.96                 | (Won) 1,335,804                                  | 99.92                 | (Won) 4,313,896        | 99.26                 |
| Others | 31,210  | 1.04                  | 1,003  | 0.08                  | 32,213                 | 0.74                  |
|        | <u>(Won) 3,009,302</u>                            | <u>100.00</u>         | <u>(Won) 1,336,807</u>                           | <u>100.00</u>         | <u>(Won) 4,346,109</u> | <u>100.00</u>         |

The guarantees and acceptances risk concentration by industry as of September 30, 2002 are as follows (in millions of Won):

|               | <u>Guarantees and<br/>Acceptances Outstanding</u> |                       | <u>Contingent Guarantees and<br/>Acceptances</u> |                       | <u>Total</u>           |                       |
|---------------|---|-----------------------|--|-----------------------|------------------------|-----------------------|
|               | <u>Balance</u>                                    | <u>Percentage (%)</u> | <u>Balance</u>                                   | <u>Percentage (%)</u> | <u>Balance</u>         | <u>Percentage (%)</u> |
| Manufacturing | (Won) 1,702,866                                   | 56.59                 | (Won) 778,024                                    | 58.20                 | (Won) 2,480,890        | 57.08                 |
| Finance       | 140,909   | 4.68                  | 26,951   | 2.02                  | 167,860                | 3.86                  |
| Service       | 77,772  | 2.58                  | 495  | 0.04                  | 78,267                 | 1.80                  |
| Others        | 1,087,755   | 36.15                 | 531,337  | 39.74                 | 1,619,092              | 37.26                 |
|               | <u>(Won) 3,009,302</u>                            | <u>100.00</u>         | <u>(Won) 1,336,807</u>                           | <u>100.00</u>         | <u>(Won) 4,346,109</u> | <u>100.00</u>         |

The guarantees and acceptances risk concentration by customer as of September 30, 2002 are as follows (in millions of Won):

|  | <u>Guarantees and<br/>Acceptances Outstanding</u> |  | <u>Contingent Guarantees and<br/>Acceptances</u> |  | <u>Total</u> |  |
|--|---|--|--|--|--------------|--|
|--|---|--|--|--|--------------|--|

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|                   | <u>Balance</u>         | <u>Percentage (%)</u> | <u>Balance</u>         | <u>Percentage (%)</u> | <u>Balance</u>         | <u>Percentage (%)</u> |
|-------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Industrial        | (Won) 2,990,920        | 99.39                 | (Won) 1,336,807        | 100.00                | (Won) 4,327,727        | 99.58                 |
| Public and Others | 18,382                 | 0.61                  |                        |                       | 18,382                 | 0.42                  |
|                   | <u>(Won) 3,009,302</u> | <u>100.00</u>         | <u>(Won) 1,336,807</u> | <u>100.00</u>         | <u>(Won) 4,346,109</u> | <u>100.00</u>         |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**16. Derivatives:**

The Bank's derivative instruments are divided between hedge derivatives and trading derivatives based on the purpose of the transaction. The Bank enters into hedge transactions mainly for the purposes of hedging fair value risks related to its assets. 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 foreign available-for-sale investment securities arising from the interest rate risk. The counter-parties of these hedge derivatives are foreign financial institutions except for Korea Development Bank. Some hedge purpose transactions do not qualify for hedge accounting and are thus accounted for as trading derivatives. These transactions include the hedge relationships where the hedged item is an asset or liability that is remeasured with the changes in fair value attributable to the hedged risk reported currently in earnings or where the hedged item cannot be specifically identified.

The notional amounts outstanding for derivative contracts as of September 30, 2002 and 2001 are as follows (in millions of Won):

|                           | 2002                    |                      |                         | 2001                    |                      |                         |
|---------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|-------------------------|
|                           | Trading                 | Hedge                | Total                   | Trading                 | Hedge                | Total                   |
| <b>Interest related</b>   |                         |                      |                         |                         |                      |                         |
| Futures                   | (Won) 412,613           | (Won)                | (Won) 412,613           | (Won) 193,836           | (Won)                | (Won) 193,836           |
| Option                    | 1,200                   |                      | 1,200                   |                         |                      |                         |
| Swap                      | 28,175,750              | 464,219              | 28,639,969              | 16,781,699              | 705,597              | 17,487,296              |
|                           | <u>28,589,563</u>       | <u>464,219</u>       | <u>29,053,782</u>       | <u>16,975,535</u>       | <u>705,597</u>       | <u>17,681,132</u>       |
| <b>Currency related</b>   |                         |                      |                         |                         |                      |                         |
| Forward                   | 13,863,626              |                      | 13,863,626              | 10,233,801              |                      | 10,233,801              |
| Futures                   | 453,251                 |                      | 453,251                 | 905,439                 |                      | 905,439                 |
| Option bought             | 151,962                 |                      | 151,962                 | 49,746                  |                      | 49,746                  |
| Option sold               | 193,300                 |                      | 193,300                 | 76,844                  |                      | 76,844                  |
| Swap                      | 3,081,419               |                      | 3,081,419               | 1,845,927               |                      | 1,845,927               |
|                           | <u>17,743,558</u>       |                      | <u>17,743,558</u>       | <u>13,111,757</u>       |                      | <u>13,111,757</u>       |
| <b>Stock related</b>      |                         |                      |                         |                         |                      |                         |
| Option bought             | 146,185                 |                      | 146,185                 |                         |                      |                         |
| Option sold               | 100,000                 |                      | 100,000                 |                         |                      |                         |
|                           | <u>246,185</u>          |                      | <u>246,185</u>          |                         |                      |                         |
| <b>Credit derivatives</b> |                         |                      |                         |                         |                      |                         |
| Others                    |                         |                      |                         | 68,073                  |                      | 68,073                  |
|                           |                         |                      |                         | 1,963                   |                      | 1,963                   |
|                           | <u>(Won) 46,579,306</u> | <u>(Won) 464,219</u> | <u>(Won) 47,043,525</u> | <u>(Won) 30,157,328</u> | <u>(Won) 705,597</u> | <u>(Won) 30,862,925</u> |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**16. Derivatives, Continued;**

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

|                                  | <u>2002</u>            | <u>2001</u>            |
|----------------------------------|------------------------|------------------------|
| <b>Gain on derivatives</b>       |                        |                        |
| Gain on derivatives transactions | (Won) 1,297,454        | (Won) 1,648,024        |
| Gain on valuation of derivatives | 541,349                | 197,025                |
| Gain on fair value hedged items  | 17,598                 | 24,397                 |
|                                  | <u>(Won) 1,856,401</u> | <u>(Won) 1,869,446</u> |
| <b>Loss on derivatives</b>       |                        |                        |
| Loss on derivatives transactions | (Won) 1,134,410        | (Won) 1,731,723        |
| Loss on valuation of derivatives | 553,784                | 180,586                |
| Loss on fair value hedged items  | 5,011                  |                        |
|                                  | <u>(Won) 1,693,205</u> | <u>(Won) 1,912,309</u> |

Derivative valuation gains and losses for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

|                                | <u>Valuation Gains (P/L)</u> |              |                | <u>Valuation Losses (P/L)</u> |               |                | <u>Fair Value (B/S)</u> |                  |
|--------------------------------|------------------------------|--------------|----------------|-------------------------------|---------------|----------------|-------------------------|------------------|
|                                | <u>Trading</u>               | <u>Hedge</u> | <u>Total</u>   | <u>Trading</u>                | <u>Hedge</u>  | <u>Total</u>   | <u>Asset</u>            | <u>Liability</u> |
| <b><u>Interest related</u></b> |                              |              |                |                               |               |                |                         |                  |
| Interest option bought         | (Won) 1,444                  | (Won)        | (Won) 1,444    | (Won) 1                       | (Won)         | (Won) 1        | (Won) 2                 | (Won)            |
| Interest option sold           |                              |              |                |                               |               |                |                         | 1                |
| Swap                           | 132,415                      | 5,011        | 137,426        | 204,191                       | 17,598        | 221,789        | 135,425                 | 228,307          |
|                                | <u>133,859</u>               | <u>5,011</u> | <u>138,870</u> | <u>204,192</u>                | <u>17,598</u> | <u>221,790</u> | <u>135,427</u>          | <u>228,308</u>   |
| <b><u>Currency related</u></b> |                              |              |                |                               |               |                |                         |                  |
| Forward                        | 213,631                      |              | 213,631        | 242,564                       |               | 242,564        | 200,910                 | 222,379          |
| Option bought                  | 2,461                        |              | 2,461          |                               |               |                | 2,393                   | 3,287            |
| Option sold                    |                              |              |                | 2,943                         |               | 2,943          |                         |                  |
| Swap                           | 185,129                      |              | 185,129        | 86,374                        |               | 86,374         | 247,421                 | 58,638           |
|                                | <u>401,221</u>               |              | <u>401,221</u> | <u>331,881</u>                |               | <u>331,881</u> | <u>450,724</u>          | <u>284,304</u>   |

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|               |               |             |               |               |              |               |               |               |
|---------------|---------------|-------------|---------------|---------------|--------------|---------------|---------------|---------------|
| <b>Others</b> | 1,258         | 1,258       | 113           | 113           | 10,996       | 5,562         |               |               |
|               | (Won) 536,338 | (Won) 5,011 | (Won) 541,349 | (Won) 536,186 | (Won) 17,598 | (Won) 553,784 | (Won) 597,147 | (Won) 518,174 |

**17. Commitments and Contingencies:**

As of September 30, 2002, 93 pending legal actions with an aggregate amount of claims of (Won)29,637 million are charged against the Bank and the Bank had also filed 108 lawsuits which are still pending with an aggregate amount of claims of (Won)41,422 million. Management believes that the actions against the Bank are without merit and that the ultimate liability, if any, will not materially affect the Bank's financial position.

The Bank, under the Mutual Savings & Finance Company Act, is liable for the payment of the deposits of Orange Mutual Savings & Finance Co., Ltd. and 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. is currently under going bankruptcy procedures due to the disapproval of its business by Financial Supervisory Commission. Korea Deposit Insurance Corporation (KDIC) has paid for the deposit money subject to the Depositor Protection Act. Despite the fact that KDIC has filed a lawsuit against the Bank for recovery of the repayment, such lawsuit is not expected to cause any loss which could materially affect the Bank's financial statements.

Continued;

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****17. Commitments and Contingencies, Continued;**

The Bank has credit line and commitments to purchase commercial paper with asset securitization companies. Under these commitments, the Bank provides money, in case of temporary fund shortage, for the principal and interest repayment of these companies' senior bonds within the contracted term and amounts. As of September 30, 2002, under these commitments, the aggregate committed credit line and loans outstanding are (Won)3,271,048 million and (Won)31,852 million, respectively. Also, the Bank entered into arrangements to purchase (Won)1,050,000 million of commercial papers issued by the securitization companies. The Bank has arranged various methods to provide for losses on these credit line commitments including payment guarantees, repurchase contracts, surety certificate guarantees, and cash reserve.

Pursuant to asset securitization plans, the Bank previously sold loans to ABS Specialty Companies before last fiscal year. The related contracts for asset securitization stipulate the Bank's performance of warranty liability for loans sold to Kookmin ~~to~~ ABS Specialty Co., Ltd, Jooeun 4<sup>th</sup>-ABS Specialty Co., Ltd., and Jooeun 5<sup>th</sup>-ABS Specialty Co., Ltd. (collectively Specialty Co. ) 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 Specialty Co. within the limits of (Won)72,000 million, (Won)23,382 million, and (Won)66,500 million, respectively, as of September 30, 2002. No adjustments have been made in the accompanying financial statements related to such uncertainties.

As of September 30, 2002, the Bank provided an allowance of (Won)7,133 million for estimated losses from repurchase of loans sold to KAMCO that are under the repurchase agreement (See Note 7).

On August 30, 2002, the Bank sold 12,988,771 shares (65.43%) out of its 16,960,000 shares (85.43%) and (Won)172,024 million loans of Jooeun Leasing Inc. to Sun Capital Inc. for (Won)145,000 million according to the MOU on June 15, 2002 and the decision of the Board of Directors on July 26, 2002.

As of September 30, 2002 and 2001, the Bank holds the unexpired rights to claim from borrowers or guarantors for loans in accordance with the relevant law, which already has been written off, of (Won)3,419,522 million and (Won)1,425,608 million, respectively.

As of September 30, 2002 and 2001, the Bank holds the endorsed bills of (Won)10,073 million and (Won)14,581 million, respectively.

In response to general unstable economic conditions, the Korean government and the private sector have been implementing structural reforms to historical business practices. Implementation of these reforms is progressing slowly, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The Bank may be either directly or indirectly affected by these general unstable economic conditions and the reform program described above. The accompanying non-consolidated quarterly 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.

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 September 30, 2002, in relation to such borrowers, total loans outstanding including guarantees and acceptances amounted to (Won)904,554 million, and the related allowances and discounted present value are (Won)331,308 and (Won)19,062, respectively. Actual expenses may differ from the Bank's allowances. Therefore, the possible adjustments are not considered in this financial statement.



**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****18. Capital Stock:**

As of September 30, 2002, the Bank has 1,000,000,000 common shares (par value : (Won)5,000) authorized and 317,677,416 shares issued. Goldman Sachs Capital Koryo, L.P., ING Insurance International B.V., and the Korean government own 2.27%, 4.00%, and 9.64%, respectively, of the total issued shares. During the current period, Goldman Sachs Capital Koryo, L.P., sold 14,470,000 common shares as American Depositary Shares ( ADS ). Among the issued shares, 42,941,310 common shares, equivalent to 13.52% of the total issued shares, are listed on the New York Stock Exchange as ADS and are managed by Bank of New York, a 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, shareholders of the Bank and H&CB, who are 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 1 new common share of the Bank for 1.688346 old shares of the Bank and 1 share of H&CB.

In accordance with the resolution of the general shareholders' meeting on March 22, 2002, the Bank has voted 6% stock dividends 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. At September 30, 2002, the Bank's subordinated foreign currency convertible bonds outstanding amounted to (Won)245,100 million (equivalent of USD 200 million, 10,581,269 shares at September 30, 2002) issued to Goldman Sachs Capital Koryo, L.P. during 1999 (See Note 12).

**19. Capital Surplus:**

Capital surplus as of September 30, 2002 and 2001 comprises the following (in millions of Won):

|  | <b>2002</b>            | <b>2001</b>            |
|--|------------------------|------------------------|
| Paid-in capital in excess of par value | (Won) 5,106,789        | (Won) 1,039,396        |
| Gain on business combination           | 397,669                | 397,669                |
| Revaluation increment                  | 177,229                | 177,229                |
| Others                                 | 2,141                  | 1,758                  |
|  | <b>(Won) 5,683,828</b> | <b>(Won) 1,616,052</b> |

The movements in capital surplus for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

|  | <b>Beginning Balance</b> | <b>Increase<sup>1*</sup></b> | <b>Decrease<sup>2*</sup></b> | <b>Ending Balance</b>  |
|--|--------------------------|------------------------------|------------------------------|------------------------|
| Paid-in capital in excess of par value | (Won) 5,107,251          | (Won)                        | (Won) 462                    | (Won) 5,106,789        |
| Gain on business combination           | 397,669                  |                              |                              | 397,669                |
| Revaluation increment                  | 177,229                  |                              |                              | 177,229                |
| Others                                 | 1,815                    | 326                          |                              | 2,141                  |
|  | <b>(Won) 5,683,964</b>   | <b>(Won) 326</b>             | <b>(Won) 462</b>             | <b>(Won) 5,683,828</b> |

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- 1\* The increases in other capital surplus value is due to the gain on the sales of treasury stocks.
- 2\* The decreases in paid-in capital in excess of par value are due to the new common stock issuance of the Bank for stock dividends.

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**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**20. Retained Earnings:**

Retained earnings as of September 30, 2002 and 2001 comprise the following (in millions of Won):

|                                      | <u>2002</u>            | <u>2001</u>            |
|--------------------------------------|------------------------|------------------------|
| Legal reserve                        | (Won) 413,740          | (Won) 339,640          |
| Reserve for business rationalization | 40,760                 | 39,760                 |
| Special reserves                     | 960,700                | 480,700                |
| Other reserves                       | 7,136                  | 14,902                 |
| Unappropriated retained earnings     | 1,528,677              | 764,079                |
|                                      | <u>(Won) 2,951,013</u> | <u>(Won) 1,639,081</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 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.

At September 30, 2002 and 2001, other reserves comprise the following (in millions of Won):

|   | <u>2002</u>        | <u>2001</u>         |
|---|--------------------|---------------------|
| Reserves for overseas investment losses | (Won) 5,417        | (Won) 13,900        |
| Other reserves                          | 1,719              | 1,002               |
|   | <u>(Won) 7,136</u> | <u>(Won) 14,902</u> |

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.

**21. Capital Adjustments:**

As of September 30, 2002 and 2001, capital adjustments comprise the following (in millions of Won):

|  | <u>2002</u>         | <u>2001</u>          |
|--|---------------------|----------------------|
| Treasury stocks                          | (Won) (116,649)     | (Won) (40,000)       |
| Unissued stock dividends                 |                     |                      |
| Unrealized gain on investment securities | 169,563             | 206,080              |
| Employee stock options (See Note 22)     | 15,495              | 1,356                |
|  | <u>(Won) 68,409</u> | <u>(Won) 167,436</u> |



Continued;

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****21. Capital Adjustments, Continued;**

The movements in capital adjustments for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

|  | Beginning<br>Balance | Increase        | Decrease      | Ending<br>Balance |
|--|----------------------|-----------------|---------------|-------------------|
| Treasury stocks                          | (Won) (1,363)        | (Won) (116,888) | (Won) (1,602) | (Won) (116,649)   |
| Unissued stock dividends                 | 89,900               |                 | 89,900        |                   |
| Unrealized gain on investment securities | 189,058              | 41,235          | 60,730        | 169,563           |
| Employee stock options (Notes 22)        | 26,021               | 7,040           | 17,566        | 15,495            |
|  | (Won) 303,616        | (Won) (68,613)  | (Won) 166,594 | (Won) 68,409      |

The Bank, under the approval of the Board of Directors, established an Employee Stock Option Plan to raise the welfare level of the employees and decided to obtain 3,000,000 treasury stocks for that need until October 29, 2002. Accordingly, up to September 30, 2002, the Bank has obtained 2,200,000 treasury stocks equivalent to 98.4% of the total treasury stocks.

**22. 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 September 30, 2002 are as follows:

|                        | Stock options transferred from H&CB             |                     |                      |                     |                    |                     |                       |                     |                     |
|------------------------|---|---------------------|----------------------|---------------------|--------------------|---------------------|-----------------------|---------------------|---------------------|
|                        | Series1*1                                       | Series 2*1          | Series 3             | Series 4            | Series 5           | Series 6            | Series7*2*3           | Series 8*3          | 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              |                       | 33,000              |                     |
| Shares exercised       |   |                     | 310,000              | 220,108             |                    |                     |                       |                     |                     |
| Shares outstanding     | 112,529   | 198,093             | 90,000               |                     | 201,782            | 89,827              | 650,000               | 589,000             | 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-<br>05.3.18                             | 04.3.16-<br>09.3.15 | 01.11.1-<br>04.10.31 | 02.2.28-<br>05.2.27 | 03.3.1-<br>06.2.28 | 04.3.25-<br>07.3.24 | 04.11.17-<br>09.11.16 | 05.3.23-<br>10.3.22 | 05.7.27-<br>10.7.26 |

1\* For stock options granted before the business combination, the number of shares have been adjusted based on a predetermined stock exchange ratio in the business combination with H&CB.

2\* The stock options do not include the shares, which will be additionally granted if the three-month weighted average stock price of the Bank right before exercise is higher than that of any other listed bank.

3\* The exercise price may be affected by the fluctuation of the stock price index of the banking industry.

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****22. Employee Stock Options, Continued;**

The Bank calculated the compensation costs using the fair value method and the details are as follows:

|                                | <b>Stock options transferred from H&amp;CB</b> |                 |                   |                 |                 |                 |
|--------------------------------|--|-----------------|-------------------|-----------------|-----------------|-----------------|
|                                | <b>Series 1</b>                                | <b>Series 2</b> | <b>Series 3*1</b> | <b>Series 4</b> | <b>Series 5</b> | <b>Series 6</b> |
| Stock price on grant date      | (Won) 21,442                                   | (Won) 25,156    | (Won)             | (Won) 33,750    | (Won) 33,750    | (Won) 33,750    |
| Risk-free interest rate*2      | 9.325%   | 6.060%          |                   | 4.743%          | 4.743%          | 4.743%          |
| Expected exercise period*3     | 4 years  | 5.5 years       |                   | 3 years         | 3 years         | 3 years         |
| Stock price volatility*4       | 71.143%  | 70.301%         |                   | 73.295%         | 73.295%         | 73.295%         |
| Expected dividend rate*5       | 2.25%  | 2.47%           |                   | 1.93%           | 1.93%           | 1.93%           |
| Compensation cost per share    | (Won) 12,638                                   | (Won) 15,987    | (Won) 44,750      | (Won) 19,850    | (Won) 13,320    | (Won) 17,117    |
| Total compensation cost*6      | (Won) 1,422                                    | (Won) 3,167     | (Won) 3,578       |                 | (Won) 2,688     | (Won) 1,538     |
| Recognized compensation cost*6 | (Won) 1,185                                    | (Won) 1,583     | (Won) 3,578       |                 | (Won) 2,315     | (Won) 769       |
|                                |  |                 |                   | <b>Series 7</b> | <b>Series 8</b> | <b>Series 9</b> |
| Stock price on grant date      |  |                 |                   | (Won) 45,800    | (Won) 58,000    | (Won) 53,900    |
| Risk-free interest rate*2      |  |                 |                   | 4.910%          | 6.136%          | 5.734%          |
| Expected exercise period*3     |  |                 |                   | 3 years         | 3 years         | 3 years         |
| Stock price volatility*4       |  |                 |                   | 58.902%         | 53.560%         | 52.393%         |
| Expected dividend rate*5       |  |                 |                   | 1.42%           | 1.42%           | 1.42%           |
| Compensation cost per share    |  |                 |                   | (Won) 20,086    | (Won) 24,496    | (Won) 20,365    |
| Total compensation cost*6      |  |                 |                   | (Won) 13,056    | (Won) 14,428    | (Won) 611       |
| Recognized compensation cost*6 |  |                 |                   | (Won) 3,627     | (Won) 2,405     | (Won) 34        |

1\* The compensation cost of shares granted on October 31, 1998 is to be determined annually by multiplying the difference between exercise price and market value at balance sheet date by number of shares granted.

2\* Risk free interest rate is the government bond rate for the expected exercise period.

3\* Expected exercise period is the average number of years between the vesting date and option expiration date to Series 1, 2 and the option expiration date to Series 3 - 9

4\* Stock price volatility is annualized volatility as of the grant date.

5\* Expected dividend rate is the average dividend rate for past periods corresponding to the expected exercise period.

6\* in millions of Won

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

|                | <b>Stock options transferred</b> |                 |                 |                 |                 |                 |                 | <b>Total</b> |
|----------------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
|                | <b>Series 1</b>                  | <b>Series 2</b> | <b>Series 5</b> | <b>Series 6</b> | <b>Series 7</b> | <b>Series 8</b> | <b>Series 9</b> |              |
| Within 1 year  | (Won) 237                        | (Won) 1,056     | (Won) 373       | (Won) 513       | (Won) 4,352     | (Won) 4,809     | (Won) 204       | (Won) 11,544 |
| Within 2 years |                                  | 528             |                 | 256             | 4,352           | 4,809           | 204             | 10,149       |
| Within 3 years |                                  |                 |                 |                 | 725             | 2,405           | 169             | 3,299        |
|                | (Won) 237                        | (Won) 1,584     | (Won) 373       | (Won) 769       | (Won) 9,429     | (Won) 12,023    | (Won) 577       | (Won) 24,992 |

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The weighted average exercise price and the weighted average fair value of the stock option as of September 30, 2002 are (Won)45,260 and (Won)19,725, respectively.

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**23. Other Non-interest Income (Expenses):**

Other non-interest income (expenses) for the nine-month periods ended September 30, 2002 and 2001 comprise the following (in millions of Won):

|  | <b>2002</b>          | <b>2001</b>          |
|--|----------------------|----------------------|
| Other non-interest income:                                     |                      |                      |
| Realized gain on trading securities                            | (Won) 73,597         | (Won) 133,453        |
| Unrealized gain on trading securities                          | 148,072              | 42,570               |
| Gain on trust management                                       | 234,859              | 178,590              |
| Reversal of allowance for losses on acceptances and guarantees | 18,417               | 12,337               |
| Others   | 7,723                | 716                  |
|  | <u>(Won) 482,668</u> | <u>(Won) 367,666</u> |
| Other non-interest expenses:                                   |                      |                      |
| Realized loss on trading securities                            | (Won) 23,755         | (Won) 90,168         |
| Unrealized loss on trading securities                          | 546                  | 10                   |
| Loss on trust management                                       |                      | 119                  |
| Contributions to special funds                                 | 109,144              | 59,001               |
| Others   | 109,117              | 39,839               |
|  | <u>(Won) 242,562</u> | <u>(Won) 189,137</u> |

**24. General and Administrative Expenses:**

General and administrative expenses for the nine-month periods ended September 30, 2002 and 2001 comprise the following (in millions of Won):

|                               | <b>2002</b>            | <b>2001</b>          |
|-------------------------------|------------------------|----------------------|
| Salaries and wages            | (Won) 824,451          | (Won) 303,601        |
| Retirement benefits (Note 14) | 60,163                 | 54,019               |
| Other employee benefits       | 162,966                | 227,616              |
| Rent                          | 35,647                 | 14,784               |
| Depreciation                  | 204,222                | 70,195               |
| Amortization                  | 58,817                 | 177                  |
| Taxes and dues                | 76,151                 | 40,672               |
| Advertising                   | 42,726                 | 20,341               |
| Ordinary R&D                  | 116,850                | 21,921               |
| Fees and commissions          | 43,704                 | 21,653               |
| Others                        | 147,831                | 70,797               |
|                               | <u>(Won) 1,773,528</u> | <u>(Won) 845,776</u> |





**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**25. Non-Operating Income (Expenses):**

Non-operating income (expenses) for the nine-month periods ended September 30, 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) 838            | (Won) 353            |
| Rent income   | 2,663                | 1,436                |
| Gain on investment in associates using equity method of accounting (Note 5) | 154,096              | 282,605              |
| Realized gain on investment securities                                      | 233,371              | 72,871               |
| Recovery of impairment loss on equity investment securities                 | 15,318               |                      |
| Recovery of impairment loss on debt investment securities                   | 12,380               |                      |
| Unrealized gain on investment in funds (Note 5)                             | 34,568               | 96,318               |
| Gain on sale of troubled loans  | 15,856               | 822                  |
| Others  | 69,407               | 35,764               |
|   | <u>538,497</u>       | <u>490,169</u>       |
| Non-operating expenses:   |                      |                      |
| Loss on disposal of fixed assets  | 1,242                | 3,193                |
| Realized loss on investment securities                                      | 133,740              | 28,328               |
| Impairment loss on equity investment securities (Note 5)                    | 107,538              | 495                  |
| Impairment loss on debt investment securities (Note 5)                      | 40,255               | 4,770                |
| Loss on sale of troubled loans  | 9,383                | 15,905               |
| Retirement benefits   |                      | 38,866               |
| Others  | 54,606               | 40,349               |
|   | <u>346,764</u>       | <u>131,906</u>       |
| Net amount  | <u>(Won) 191,733</u> | <u>(Won) 358,263</u> |

**26. Income Tax Expenses:**

Income tax expenses for the nine-month periods ended September 30, 2002 and 2001 comprise the following (in millions of Won):

|  | <u>2002</u>          | <u>2001</u>          |
|--|----------------------|----------------------|
| Income taxes payable                             | (Won) 599,275        | (Won) 189,432        |
| Change of deferred income taxes                  |                      |                      |
| Deferred income taxes from temporary differences | 45,092               | 195,809              |
| Realization of prior years' loss carry-forwards  | 28,929               |                      |
|  | <u>74,021</u>        | <u>195,809</u>       |
| Income tax expenses                              | <u>(Won) 673,296</u> | <u>(Won) 385,241</u> |



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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****26. Income Tax Expenses, Continued;**

Adjustments of net income before income tax expenses to taxable income for the nine-month periods ended September 30, 2002 and 2001 comprise the following (in millions of Won):

|  | <u>2002</u>            | <u>2001</u>            |
|--|------------------------|------------------------|
| Adjustments to increase taxable income |                        |                        |
| Permanent differences due to:          |                        |                        |
| Amortization of goodwill               | (Won) 58,759           | (Won)                  |
| Employee stock option                  | 24,340                 |                        |
| Interests recognized                   | 5,602                  | 1,359                  |
| Interest paid                          | 3,223                  | 1,196                  |
| Others                                 | 50,975                 | 3,972                  |
|  | <u>142,899</u>         | <u>6,527</u>           |
| Temporary differences (See below)      | 1,106,386              | 1,149,237              |
|  | <u>(Won) 1,249,285</u> | <u>(Won) 1,155,764</u> |
| Adjustments to decrease taxable income |                        |                        |
| Permanent differences due to:          |                        |                        |
| Dividend income                        | (Won) 56,539           | (Won) 1,986            |
| Refunded income taxes                  | 4,502                  |                        |
| Others                                 | 819                    | 2,020                  |
|  | <u>61,860</u>          | <u>4,006</u>           |
| Temporary differences (See below)      | 1,409,989              | 1,784,980              |
|  | <u>(Won) 1,471,849</u> | <u>(Won) 1,788,986</u> |

The significant changes in accumulated temporary differences and deferred tax assets (liabilities) for the nine-month period ended September 30, 2002 comprise the following (in millions of Won):

|   | <u>Beginning<br/>Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> | <u>Deferred tax<br/>Assets (Liab.)</u> |
|---|------------------------------|-----------------|-----------------|-----------------------|--|
| Allowance for loan losses                             | (Won) 671,717                | (Won) 284,312   | (Won) 671,717   | (Won) 284,312         | (Won) 84,441                           |
| Accrued interest                                      | (478,123)                    | (308,159)       | (478,123)       | (308,159)             | (91,523)                               |
| Unrealized loss on securities                         | 1,875                        | (216,096)       | (213,579)       | (642)                 | (190)                                  |
| Unrealized loss on derivatives                        | 32,011                       | (152)           | 71,525          | (39,666)              | (11,781)                               |
| Present value discounts                               | 87,972                       | 46,723          | 80,287          | 54,408                | 16,159                                 |
| Allowance for losses on acceptances and<br>guarantees | 43,823                       | 22,124          | 43,823          | 22,124                | 6,571                                  |

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|  |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Accrued retirement benefits            | 1,785             | 29,373            | (192)             | 31,350            | 9,311             |
| Reserve for overseas investment losses | (6,664)           |                   | (4,997)           | (1,667)           | (495)             |
| Stock option compensation cost         | 26,021            | 7,040             | 17,566            | 15,495            | 4,602             |
| Others                                 | 21,750            | 31,187            | 11,928            | 41,009            | 12,179            |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
|  | (Won) 402,167     | (Won) (103,648)   | (Won) 199,955     | (Won) 98,564      | (Won) 29,274      |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

The statutory income tax rates applicable to the Bank, including resident tax surcharges, are 29.7% and 30.8% for the nine-month periods ended September 30, 2002 and 2001. However, due to taxable income adjustments, the effective tax rates are 30.80% and 30.86% for the nine-month periods ended September 30, 2002 and 2001, respectively.

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****27. Earnings Per Share:**

Earnings per share ( EPS ) for the nine-month periods ended September 30, 2002 and 2001 are calculated as follows (in millions of Won):

|  | <u>2002</u>        | <u>2001<sup>1*</sup></u> |
|--|--------------------|--------------------------|
| Net income after income taxes                        | (Won) 1,512,868    | (Won) 863,062            |
| Dividend on preferred stock (1%)                     |                    | (930)                    |
|  | <u>1,512,868</u>   | <u>862,132</u>           |
| Weighted average number of common shares outstanding | 317,390,563        | 190,576,391              |
| Earnings per share (in Won)                          | <u>(Won) 4,767</u> | <u>(Won) 4,524</u>       |

Diluted EPS for the nine-month periods ended September 30, 2002 and 2001 are calculated as follows (in millions of Won):

|  | <u>2002</u>        | <u>2001<sup>1*</sup></u> |
|--|--------------------|--------------------------|
| Net income after income taxes                        | (Won) 1,512,868    | (Won) 863,062            |
| Interest expenses on convertible bonds               | 4,556              | 3,214                    |
| Stock compensation expenses                          | 431                |                          |
|  | <u>1,517,855</u>   | <u>866,276</u>           |
| Weighted average number of common shares outstanding | 328,274,851        | 225,158,139              |
| Diluted earnings per share (in Won)                  | <u>(Won) 4,624</u> | <u>(Won) 3,847</u>       |

1\* EPS and diluted EPS for the nine-month period ended September 30, 2001 are adjusted considering the effect of business combination with H&CB.

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

|  | <u>Number of Shares</u> | <u>Days Outstanding</u> | <u>Weighted Average Number of Shares</u> |
|--|-------------------------|-------------------------|--|
| Weighted average common stock-beginning balance                | 317,677,416             | 273                     | 317,677,416                              |
| Treasury common stock beginning balance                        | (31,548)                | 93                      | (10,747)                                 |
| Treasury common stock acquisition during the period            | (2,236,089)             | 34                      | (276,106)                                |
| Weighted average number of common shares before dilution ((1)) |                         |                         | <u>317,390,563</u>                       |
| Convertible bonds issued to Goldman Sachs                      | 10,581,269              | 273                     | 10,581,269                               |
| Employee stock option  | 303,019                 | 273                     | 303,019                                  |

|  |             |
|--|-------------|
| Diluting shares ((2))                                      | 10,884,288  |
| Diluted weighted average number of common shares ((1)+(2)) | 328,274,851 |

The increase in common shares resulting from convertible bonds is computed assuming the conversion had taken place as of the beginning of the period.

The interest expenses on convertible bonds and stock compensation expenses used in the calculation of the diluted EPS are net of the 29.7% tax effect. The number of common shares assumed to be converted from convertible bonds is calculated by dividing the total convertible bond amount by the conversion price per share.

In addition, considering the stock dividend in the current period, the recomputed basic EPS and diluted EPS for the year ended December 31, 2001 are (Won)3,400 and (Won)3,266, respectively.

Continued;

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants' Review Report)****27. Earnings Per Share, Continued;**

As of September 30, 2002, securities convertible to common stock are as follows:

| Type             | Exercise period   | Numbers of common shares to be issued | Exercise price                             |
|------------------|---|---------------------------------------|--|
| Convertible Bond | 1 month after issuance date-<br>1 month before maturity | 10,581,269                            | One share per<br>(Won)22,124 of face value |
| Stock Option     | 03-19-2003 03-18-2005                                   | 112,529                               | (Won) 23,469 per share                     |
| Stock Option     | 03-16-2004 03-15-2009                                   | 198,093                               | (Won) 28,027 per share                     |
| Stock Option     | 11-01-2001 10-31-2004                                   | 90,000                                | (Won) 5,000 per share                      |
| Stock Option     | 03-01-2003 02-28-2006                                   | 201,782                               | (Won) 27,600 per share                     |
| Stock Option     | 03-25-2004 03-24-2007                                   | 89,827                                | (Won) 25,100 per share                     |
| Stock Option     | 11-17-2004 11-16-2009                                   | 650,000                               | (Won) 51,200 per share                     |
| Stock Option     | 03-23-2005 03-22-2010                                   | 589,000                               | (Won) 57,100 per share                     |
| Stock Option     | 07-27-2005 07-26-2010                                   | 30,000                                | (Won) 58,800 per share                     |

**28. Assets and Liabilities Denominated in Foreign Currencies:**

Significant assets and liabilities denominated in foreign currencies as of September 30, 2002 comprise the following:

|                             | Total Balances  |                                       | Major Denomination Currencies |                      |                           |
|-----------------------------|-----------------|---------------------------------------|-------------------------------|----------------------|---------------------------|
|                             | Millions of Won | Thousands of US Dollars <sup>1*</sup> | Thousands of US Dollars       | Thousands of EC Euro | Thousands of Japanese Yen |
| <b>Assets</b>               |                 |                                       |                               |                      |                           |
| Cash                        | (Won) 186,790   | \$ 152,420                            | \$ 71,836                     | 13,383               | ¥ 6,916,364               |
| Due from banks              | 281,704         | 229,869                               | 185,960                       | 5,374                | 2,640,517                 |
| Investment securities       | 1,219,330       | 994,965                               | 911,446                       |                      | 5,009,613                 |
| Loans in foreign currencies | 3,521,209       | 2,873,284                             | 2,211,286                     | 6,227                | 64,986,963                |
| Bills bought                | 803,457         | 655,616                               | 610,007                       | 30,930               | 830,130                   |
| Advances for customers      | 2,270           | 1,852                                 | 1,852                         |                      |                           |
| Call loans                  | 340,483         | 277,832                               | 256,400                       | 1,700                | 2,426,000                 |
| <b>Liabilities</b>          |                 |                                       |                               |                      |                           |
| Deposits                    | 986,415         | 804,908                               | 571,726                       | 11,799               | 22,292,066                |
| Borrowings                  | 2,248,847       | 1,835,044                             | 1,546,758                     |                      | 33,226,600                |
| Due to BOK                  | 49,061          | 40,033                                | 40,033                        |                      |                           |
| Call money                  | 209,502         | 170,952                               | 1,200                         |                      | 20,750,400                |
| Debentures                  | 941,382         | 768,162                               | 622,840                       |                      |                           |
| Unsettled foreign payables  | 46,275          | 37,760                                | 29,988                        | 1,301                | 646,068                   |

<sup>1\*</sup> Foreign currencies other than US dollars are converted into US dollar amounts using the exchange rates provided by Korea Financial Telecommunications & Clearing Institute at the balance sheet date.



**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**29. Related Party Transactions:**

Significant transactions with related parties for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

| <b>Account</b>                           | <b>Beginning<br/>Balance</b> | <b>Increase</b> | <b>Decrease</b> | <b>Ending<br/>Balance</b> | <b>Transactions<br/>Relating P/L</b> |
|--|------------------------------|-----------------|-----------------|---------------------------|--------------------------------------|
| Kookmin Credit Card Co., Ltd.            |                              |                 |                 |                           |                                      |
| Loans                                    | (Won) 122,526                | (Won) 208,015   | (Won)           | (Won) 330,541             | (Won) 15,654                         |
| Other assets                             | 1,907                        | 62              |                 | 1,969                     | 62                                   |
| Deposits                                 | 4,687                        | 6,161           |                 | 10,848                    | (68)                                 |
| Borrowings                               |                              |                 |                 |                           | (155)                                |
| Other liabilities                        | 18,334                       | 150,930         | 1,291           | 167,973                   | (2,780)                              |
| Commissions income                       |                              |                 |                 |                           | 128,818                              |
| Commissions expenses                     |                              |                 |                 |                           | (176)                                |
| Kookmin Leasing Co., Ltd.                |                              |                 |                 |                           |                                      |
| Investment securities                    | 761                          |                 | 761             |                           | 968                                  |
| Deposits                                 | 75,912                       |                 | 45,392          | 30,520                    | (1,719)                              |
| Kookmin Venture Capital Co., Ltd.        |                              |                 |                 |                           |                                      |
| Loans                                    | 96,000                       |                 | 88,000          | 8,000                     | 8                                    |
| Deposits                                 | 29,811                       |                 | 20,791          | 9,020                     | (978)                                |
| Kookmin Data System Co., Ltd.            |                              |                 |                 |                           |                                      |
| Deposits                                 | 3,676                        | 2,029           |                 | 5,705                     | (410)                                |
| Other liabilities                        | 879                          |                 |                 | 879                       | 69                                   |
| Kookmin Futures Co., Ltd.                |                              |                 |                 |                           |                                      |
| Due from banks                           | 2,092                        |                 | 1,994           | 98                        | 3                                    |
| Deposits                                 | 10,646                       | 273             |                 | 10,919                    | (421)                                |
| Other liabilities                        | 620                          |                 |                 | 620                       | 48                                   |
| Kookmin Bank Luxembourg S.A.             |                              |                 |                 |                           |                                      |
| Due from banks                           | 9,903                        | 4,052           |                 | 13,955                    |                                      |
| Loans                                    | 218,807                      | 65,390          | 69,765          | 214,432                   | 3,763                                |
| Other assets                             |                              |                 |                 |                           | 2,030                                |
| Borrowings                               |                              |                 |                 |                           | (75)                                 |
| Other liabilities                        | 155                          |                 | 155             |                           |                                      |
| Kookmin Bank International (London) Ltd. |                              |                 |                 |                           |                                      |
| Due from banks                           | 1,856                        | 3,677           | 1,169           | 4,364                     | 1                                    |
| Loans                                    | 146,911                      | 31,793          | 1,006           | 177,698                   | 1,778                                |
| Borrowings                               | 7,670                        | 22,974          |                 | 30,644                    | (117)                                |
| Other liabilities                        | 76                           |                 | 76              |                           | 336                                  |
| Kookmin Finance H.K. Ltd.                |                              |                 |                 |                           |                                      |
| Due from banks                           | 2,030                        | 19,626          |                 | 21,656                    | 6                                    |
| Loans                                    | 182,052                      | 42,157          | 10,738          | 213,471                   | 3,018                                |
| Borrowings                               |                              | 18,383          |                 | 18,383                    | (103)                                |
| Finance debentures                       | 6,463                        |                 | 335             | 6,128                     | (178)                                |
| Kookmin Bank Leasing & Finance (HK) Ltd. |                              |                 |                 |                           |                                      |
| Loans                                    | 17,440                       |                 | 13,242          | 4,198                     | 145                                  |

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**29. Related Party Transactions, Continued;**

| <u>Account</u>                          | <u>Beginning Balance</u> | <u>Increase</u>      | <u>Decrease</u>      | <u>Ending Balance</u>  | <u>Transactions Relating P/L</u> |
|---|--------------------------|----------------------|----------------------|------------------------|----------------------------------|
| Jooeun Leasing Co., Ltd.                |                          |                      |                      |                        |                                  |
| Loans                                   | 163,295                  |                      | 163,295              |                        | 4,521                            |
| (Present value discounts)               | (1,212)                  |                      | (1,212)              |                        | (1,212)                          |
| Other assets                            | 3,232                    |                      | 3,232                |                        | 920                              |
| Deposits                                | 1,304                    |                      | 1,304                |                        | 5                                |
| Other liabilities                       | 100                      |                      | 100                  |                        |                                  |
| Acceptances and guarantees              | 1,396                    |                      | 1,396                |                        |                                  |
| Kookmin Investment Trust Mgt. Co., Ltd. |                          |                      |                      |                        |                                  |
| Deposits                                | 25,326                   |                      | 24,265               | 1,061                  | (579)                            |
| KB Real Estate Trust Co., Ltd.          |                          |                      |                      |                        |                                  |
| Loans                                   | 40,000                   |                      | 8,514                | 31,486                 | 2,405                            |
| Deposits                                | 241                      |                      | 149                  | 92                     | (3)                              |
| Other liabilities                       | 1,797                    |                      | 15                   | 1,782                  |                                  |
| Acceptances and guarantees              | 53                       |                      |                      | 53                     |                                  |
| KB Credit Information Co., Ltd.         |                          |                      |                      |                        |                                  |
| Deposits                                | 7,838                    | 2,077                |                      | 9,915                  | (521)                            |
| Other liabilities                       | 3,150                    | 838                  | 247                  | 3,741                  | 88                               |
| Commissions expenses                    |                          |                      |                      |                        | (17,493)                         |
|   | <u>(Won) 1,207,734</u>   | <u>(Won) 578,437</u> | <u>(Won) 456,020</u> | <u>(Won) 1,330,151</u> | <u>(Won) 137,658</u>             |

**30. Transactions with Financial Institutions:**

The assets and liabilities related to transactions with financial institutions for the nine-month ended September 30, 2002 are as follows (in millions of Won):

| <u>Accounts</u>         | <u>Description</u>                   | <u>The Bank of Korea</u> | <u>Other Banks</u> | <u>Other Financial Institutions</u> | <u>Total</u>     |
|-------------------------|--------------------------------------|--------------------------|--------------------|-------------------------------------|------------------|
| Cash and due from banks | Due from banks in Won                | (Won) 1,924,221          | (Won) 51,249       | (Won) 826,923                       | (Won) 2,802,393  |
|                         | Due from banks in foreign currencies | 39,136                   | 242,218            | 350                                 | 281,704          |
|                         |                                      | <u>1,963,357</u>         | <u>293,467</u>     | <u>827,273</u>                      | <u>3,084,097</u> |
| Loans                   | Loans in Won                         |                          | 24,598             | 237,453                             | 262,051          |
|                         | Loans in foreign currencies          |                          | 1,082,357          |                                     | 1,082,357        |
|                         | Call loans                           |                          | 642,769            | 200,000                             | 842,769          |
|                         |                                      |                          | <u>1,749,724</u>   | <u>437,453</u>                      | <u>2,187,177</u> |

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|            |                                  |                  |                  |                  |                  |
|------------|----------------------------------|------------------|------------------|------------------|------------------|
| Deposits   | Deposits in Won                  |                  | 734,893          | 2,035,073        | 2,769,966        |
|            | Deposits in foreign currencies   |                  |                  | 180,000          | 180,000          |
|            |                                  |                  | <u>734,893</u>   | <u>2,215,073</u> | <u>2,949,966</u> |
| Borrowings | Borrowings in Won                | 1,664,708        | 374,236          | 586,520          | 2,625,464        |
|            | Borrowings in foreign currencies |                  | 2,162,458        | 53,526           | 2,215,984        |
|            | Others                           | 49,061           | 573,598          | 1,058,341        | 1,681,000        |
|            |                                  | <u>1,713,769</u> | <u>3,110,292</u> | <u>1,698,387</u> | <u>6,522,448</u> |
| Debentures | Debentures in Won                |                  | 336,500          | 214,900          | 551,400          |
|            | Debentures in foreign currencies |                  | 700,537          | 245,100          | 945,637          |
|            |                                  |                  | <u>1,037,037</u> | <u>460,000</u>   | <u>1,497,037</u> |

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**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants Review Report)**

**31. Interest Bearing Assets and Liabilities:**

Assets and liabilities bearing interest income and interest expenses for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

| <u>Account</u>        | <u>Average Balance</u>   | <u>Interest Income</u> | <u>Interest Rate (%)</u> |
|-----------------------|--------------------------|------------------------|--------------------------|
| Due from banks        | (Won) 1,245,011          | (Won) 39,314           | 4.22                     |
| Trading securities    | 1,656,820                | 73,560                 | 5.94                     |
| Investment securities | 19,861,072               | 1,076,831              | 7.25                     |
| Loans                 | 115,471,019              | 6,817,728              | 7.89                     |
|                       | <u>(Won) 138,233,922</u> | <u>(Won) 8,007,433</u> |                          |

  

| <u>Account</u> | <u>Average Balance</u>   | <u>Interest Expenses</u> | <u>Interest Rate (%)</u> |
|----------------|--------------------------|--------------------------|--------------------------|
| Deposits       | (Won) 118,650,854        | (Won) 3,581,922          | 4.04                     |
| Borrowings     | 10,163,467               | 306,297                  | 4.03                     |
| Debentures     | 10,981,808               | 578,277                  | 7.04                     |
|                | <u>(Won) 139,796,129</u> | <u>(Won) 4,466,496</u>   |                          |

**32. Operations of the Trust Accounts:**

Assets and liabilities of the trust accounts as of September 30, 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) 4,260,875               | (Won) 11,661,881                | (Won) 145,013           | (Won) 16,067,769        |
| Loans                      | 186,538                       | 467,291                         |                         | 653,829                 |
| Receivables                |                               |                                 | 20,076,309              | 20,076,309              |
| Due from banking accounts  | 136,680                       | 423,309                         | 10,939                  | 570,928                 |
| Present value discounts    | (4,950)                       | (27)                            |                         | (4,977)                 |
| Provision for loan losses  | (147,196)                     | (115,321)                       |                         | (262,517)               |
| Other assets               | 110,179                       | 279,547                         | 62                      | 389,788                 |
|                            | <u>(Won) 4,542,126</u>        | <u>(Won) 12,716,680</u>         | <u>(Won) 20,232,323</u> | <u>(Won) 37,491,129</u> |
| Trusts                     | (Won) 4,157,093               | (Won) 12,183,629                | (Won) 20,229,269        | (Won) 36,569,991        |
| Borrowings                 | 72,023                        |                                 |                         | 72,023                  |
| Reserves for future losses | 42,360                        |                                 |                         | 42,360                  |
| Other liabilities          | 270,650                       | 533,051                         | 3,054                   | 806,755                 |

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|                   |                 |                  |                  |                  |
|-------------------|-----------------|------------------|------------------|------------------|
| Total liabilities | (Won) 4,542,126 | (Won) 12,716,680 | (Won) 20,232,323 | (Won) 37,491,129 |
|-------------------|-----------------|------------------|------------------|------------------|

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**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)**

**For the nine-month periods ended September 30, 2002 and 2001**  
**(Unaudited See Accountants' Review Report)**

**32. Operations of the Trust Accounts, Continued;**

The Bank is liable as of September 30, 2002 for the following portion of the difference between book value and fair value in 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) 4,062,908        | (Won) 4,063,489        | (Won)                |
| Principal and dividend guarantee money trusts | 218,237                | 197,386                | 20,851               |
|   | <u>(Won) 4,281,145</u> | <u>(Won) 4,260,875</u> | <u>(Won) 20,851</u>  |

The results of operation of the trust accounts, from the Bank's management accounting point of view, for the nine-month period ended September 30, 2002 are as follows (in millions of Won):

| <u>Trust Account Related Income</u>        |                      | <u>Trust Account Related Expenses</u>              |                     |
|--|----------------------|--|---------------------|
| Fees on money trusts                       | (Won) 221,240        | Interest expense on borrowings from trust accounts | (Won) 18,633        |
| Early withdrawal penalties                 | 231                  | Compensation to trust accounts                     |                     |
| Interest income on loans to trust accounts | 5,081                |  |                     |
|  | <u>(Won) 226,552</u> |  | <u>(Won) 18,633</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. According to the Contract, the shareholders of the Bank and H&CB received 1 new common share of the Bank for 1.688346 old shares of the Bank and 1 share of H&CB, respectively. The new common shares of the Bank were listed on the Korea Stock Exchange on November 9, 2001. Despite the legal form of consolidation, the business combination was accounted for as an acquisition with the Bank as acquirer of H&CB's total assets of (Won)67,742,958 million and liabilities of (Won)64,381,185 million.

The Bank's registration statement with the Securities and Exchange Commission of the United States of America was declared effective on September 10, 2001, and the new shares of the Bank were listed on New York Stock Exchange as American Depositary Shares (ADS) on November 1, 2001.

**Table of Contents****KOOKMIN BANK****NOTES TO NON-CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS (Continued)****For the nine-month periods ended September 30, 2002 and 2001  
(Unaudited See Accountants Review Report)****34. Business Segments:**

The Bank is organized into five major business segments: Retail Banking, Business Banking, Treasury and Investment Management, Credit Card, 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 September 30, 2002 (in millions of Won):

|                     | <b>Retail<br/>Banking</b> | <b>Business<br/>Banking</b> | <b>Treasury and<br/>Investment<br/>Management</b> | <b>Credit<br/>Card</b> | <b>Others</b>          | <b>Total</b>             |
|---------------------|---------------------------|-----------------------------|---|------------------------|------------------------|--------------------------|
| Loans               | (Won) 68,676,406          | (Won) 41,838,678            | (Won) 4,985,612                                   | (Won) 5,797,964        | (Won) 52,286           | (Won) 121,350,946        |
| Securities          |                           |                             | 30,693,632  |                        |                        | 30,693,632               |
| Fixed assets        | 1,871,300                 | 409,603                     | 150,604   | 286,328                | 318,512                | 3,036,347                |
| Other assets        | 4,387,618                 | 309,634                     | 6,423,143   | 214,941                | 1,072,917              | 12,408,253               |
| <b>Total assets</b> | <b>(Won) 74,935,324</b>   | <b>(Won) 42,557,915</b>     | <b>(Won) 42,252,991</b>                           | <b>(Won) 6,299,233</b> | <b>(Won) 1,443,715</b> | <b>(Won) 167,489,178</b> |
| Operating Revenue   | (Won) 4,029,022           | (Won) 2,194,237             | (Won) 3,679,288                                   | (Won) 897,485          | (Won) 802,323          | (Won) 11,602,355         |

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 September 30, 2002 (in millions of Won):

|                     | <b>Domestic</b>          | <b>Overseas</b>        | <b>Total</b>             |
|---------------------|--------------------------|------------------------|--------------------------|
| Loans               | (Won) 120,278,766        | (Won) 1,072,180        | (Won) 121,350,946        |
| Securities          | 30,596,308               | 97,324                 | 30,693,632               |
| Fixed assets        | 3,033,099                | 3,248                  | 3,036,347                |
| Other assets        | 12,374,961               | 33,292                 | 12,408,253               |
| <b>Total assets</b> | <b>(Won) 166,283,134</b> | <b>(Won) 1,206,044</b> | <b>(Won) 167,489,178</b> |
| Operating Revenue   | (Won) 11,557,572         | (Won) 44,783           | (Won) 11,602,355         |

**35. Reclassification of 2001 Accounts:**

The Bank completed the legal consolidation with H&CB as of October 31, 2001. The financial statements of the prior period presented for comparative purposes represent the financial position of the former Kookmin Bank as of September 30, 2001, and the results of its operations for the nine-month period then ended.

Certain accounts of prior financial statements are reclassified for comparative purposes. These reclassifications have no effect on the net asset value and the net income of the Bank as of the balance sheet date.



