KOOKMIN BANK
Form 6-K
April 16, 2003

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 April 2003

Kookmin Bank

(Translation of registrant s name into English)

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

(Address of principal executive office)

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

Form 20-F __X__ Form 40-F _____

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

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

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

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

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

Yes _____ No __X__

On April 16, 2003, Kookmin Bank released the following information.

Exhibit Index

99.1 Kookmin Bank Consolidated Audit Report 2002

SIGNATURES

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

Kookmin Bank

(Registrant)

Date: April 16, 2003

By: /s/ Jong-Kyoo Yoon

(Signature)

Name: Jong-Kyoo Yoon
Title: ExecutiveVice President &

Chief Financial Officer

Independent Auditor s Report

To the Board of Directors and Shareholders of

Kookmin Bank

We have audited the accompanying consolidated balance sheets of Kookmin Bank (the Bank) and its subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, changes in shareholders equity, and cash flows for the years then ended, expressed in Korean Won. These consolidated financial statements are the responsibility of the Bank s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Kookmin Credit Card Co., Ltd., Kookmin Futures Co., Ltd., Kookmin Bank Luxembourg S.A., and Kookmin Finance HK Ltd., whose statements represent 7.4% of total assets as of December 31, 2002 and 16.2% of total revenues for the year then ended. Also, we did not audit the financial statements of subsidiaries, Kookmin Credit Card Co., Ltd., Kookmin Leasing Co., Ltd., Kookmin Venture Capital Co., Ltd., Kookmin Futures Co., Ltd., Kookmin Investment Co., Ltd., Kookmin Bank Luxembourg S.A., Kookmin Finance HK Ltd., Kookmin Bank Finance Asia Ltd., and Kookmin Leasing & Finance (Hong Kong) Ltd., whose statements represent 6.9% of total assets as of December 31, 2001 and 18.1% of total revenues for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kookmin Bank and its subsidiaries as of December 31, 2002 and 2001, and the results of their operations, the changes in their shareholders equity and their cash flows for the years then ended in conformity with financial accounting standards for consolidated financial statements generally accepted in the Republic of Korea.

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

As discussed in Note 32 to the consolidated financial statements, the Bank completed the legal consolidation with H&CB as of October 31, 2001. Despite the legal form of consolidation, the business combination was accounted for as an acquisition with the Bank as acquirer of H&CB s total assets of (Won)67,742,958 million and liabilities of (Won)64,381,185 million. The Bank s registration statement with the Securities and Exchange Commission of the United States of America was declared effective on September 10, 2001, and the new shares of the Bank are listed on New York Stock Exchange as American Depositary Shares (ADS) since November 1, 2001.

Continued;

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

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

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

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

Kookmin Credit Card, a subsidiary of the Bank, had been providing for loan losses under the Regulation on Supervision of Credit-Specialized Financial Business in prior years. However, from the current period, to better provide for increased risks against losses on credit card receivables, Kookmin Credit Card revised its provision policy based on the historical loan loss rates and expectations on future redemption amounts. Due to this change, for the year ended December 31, 2002, Kookmin Credit Card provided additional allowances of (Won)397,158 million resulting in a decrease of (Won)397,158 million in net income before income taxes.

As discussed in Note 1 and 18 to the consolidated financial statements, the Bank sold 65.43% of its 85.43% investment in Alpha Capital Corp. (Jooeun Leasing Co., Ltd. until prior period) and (Won)172,024 million of its loans to Sun Capital Inc. for (Won)145,000 million on August 30, 2002. The Bank also sold an additional 5.03% of its investment in Alpha Capital Corp. to Sun Capital Inc. for (Won)900 million on October 28, 2002.

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

As a result of the changes in the scope of the subsidiaries of the Bank, assets of (Won)788,924 million and liabilities of (Won)615,097 million which were included in the consolidated financial statements as of December 31, 2001, were excluded from the consolidated financial statements as of December 31, 2002.

Continued;

As discussed in Note 1 to the consolidated financial statements, 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. Kookmin Venture Capital Co., Ltd., Frontier Investment Co., Ltd., and Kookmin Investment Co., Ltd. had been subsidiaries of the Bank as of December 31, 2001.

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

Samil Accounting Corporation

Seoul, Korea

February 14, 2003

This report is effective as of February 14, 2003, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KOOKMIN BANK

CONSOLIDATED BALANCE SHEETS

December 31, 2002 and 2001

	In Millions of Korean Won	
	2002	**2001**
ASSETS:		
Cash and due from banks (Note 3)	(Won) 4,790,636	(Won) 7,842,446
Trading securities (Note 4)	9,273,445	11,634,338
Investment securities (Note 5)	27,588,861	26,653,008
Loans (Notes 6 and 7)	135,143,612	116,340,721
Fixed assets (Note 8)	3,360,158	3,291,295
Other assets (Note 9)	6,969,562	6,836,998
Total Assets	(Won) 187,126,274	(Won) 172,598,806
LIABILITIES AND SHAREHOLDERS EQUITY:		
Deposits (Note 10)	(Won) 126,890,960	(Won) 120,448,949
Borrowings (Note 11)	15,473,094	17,072,682
Debentures (Note 12)	23,450,346	13,861,215
Other liabilities (Note 15)	10,956,773	11,939,004
Total Liabilities	176,771,173	163,321,850
Commitments and Contingencies (Note 18)		
Common stock, par value : (Won)5,000 authorized : 1,000 million shares, issued and outstanding : 328,258,685 shares (Notes 1 and 19)	1,641,293	1,498,487
Capital surplus (Note 20)	5,968,401	5,745,002
Retained earnings (Note 21)	2,462,235	1,519,064
Capital adjustments (Note 22)	30,817	205,274
Minority interest in consolidated subsidiaries (Note 23)	252,355	309,129
Total Shareholders Equity	10,355,101	9,276,956
Total Liabilities and Shareholders Equity	(Won) 187,126,274	(Won) 172,598,806

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

KOOKMIN BANK

CONSOLIDATED INCOME STATEMENTS

For the years ended December 31, 2002 and 2001

	In Millions of Korean Won except for share amounts	
	2002	**2001**
Interest income:		
Interest on due from banks	(Won) 56,412	(Won) 91,986
Interest on trading securities	369,631	379,593
Interest on investment securities	2,059,765	1,864,045
Interest on loans	10,472,306	5,824,121
Other interest income	130,323	144,362
	13,088,437	8,304,107
Interest expenses:		
Interest on deposits	4,982,936	3,783,808
Interest on borrowings	735,982	703,912
Interest on debentures	1,236,299	947,119
Other interest expenses	52,738	66,778
	7,007,955	5,501,617
Net interest income	6,080,482	2,802,490
Provision for loan losses (Note 7)	3,196,161	1,414,178
Net interest income after provision for loan losses	2,884,321	1,388,312
Non-interest income:		
Fees & commission income	2,571,278	2,157,852
Dividends on trading securities	1,234	495
Dividends on investment securities (Note 25)	13,575	7,138
Gain on foreign currency transactions	212,832	398,630
Gain on derivatives (Note 17)	2,378,593	2,314,740
Other (Note 24)	597,648	445,891
	5,775,160	5,324,746
Non-interest expenses:		
Fees & commission expenses	862,507	436,417
General and administrative expenses	2,977,475	1,764,850
Loss on foreign currency transactions	246,090	270,697
Loss on derivatives (Note 17)	2,193,185	2,336,897
Other (Note 24)	424,015	368,053
	6,703,272	5,176,914

Operating income		1,956,209		1,536,144
Non-operating loss, net (Note 26)		(137,777)		(179,839)
Extraordinary gain				161,527
Income before income tax expenses		1,818,432		1,517,832
Income tax expenses (Note 27)		612,384		560,400
Net income before consolidation adjustment		1,206,048		957,432
Minority interest in earnings of consolidated subsidiaries		65,260		(120,557)
Net income	(Won)	1,271,308	(Won)	836,875
Basic earnings per share (Note 28)(In Korean Won)	(Won)	4,001	(Won)	4,188
Diluted earnings per share (Note 28)(In Korean Won)	(Won)	4,001	(Won)	4,003

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

KOOKMIN BANK

CHANGES IN CONSOLIDATED SHAREHOLDERS EQUITY

For the years ended December 31, 2002 and 2001

(In millions of Korean Won)

	Capital	Capital surplus	Retained earning	Capital adjustments	Minority interest	Total
Balance, January 1, 2001	(Won) 1,698,067	(Won) 1,647,292	(Won) 708,156	(Won) (17,100)	(Won) 215,251	(Won) 4,251,666
Business combination	(219,445)	4,067,855				3,848,410
Conversion of overseas convertible bonds to stocks	19,865	15,069				34,934
Acquisition of equity securities of subsidiaries		14,336				14,336
Net income			836,875			836,875
Appropriations for dividends			(119,867)	89,900		(29,967)
Loss in excess of minority interest			32,427			32,427
Changes in treasury stock		450		39,673		40,123
Unrealized gain on investment securities				67,294		67,294
Stock options				25,507		25,507
Changes in minority interest					93,878	93,878
Others			61,473			61,473
Balance, December 31, 2001	(Won) 1,498,487	(Won) 5,745,002	(Won) 1,519,064	(Won) 205,274	(Won) 309,129	(Won) 9,276,956
Balance, January 1, 2002	(Won) 1,498,487	(Won) 5,745,002	(Won) 1,519,064	(Won) 205,274	(Won) 309,129	(Won) 9,276,956
Conversion of overseas convertible bonds to stocks	52,906	181,194				234,100
Changes in minority interest in Kookmin Card		42,610	(4,294)		14,965	53,281
Net income			1,271,308			1,271,308
Appropriations for dividends			(325,234)		(6,883)	(332,117)
Issuance of stock dividends	89,900			(89,900)		
Loss in excess of minority interest			3,360			3,360
Changes in treasury stock				(147,610)		(147,610)

Unrealized gain on investment securities				87,330	34	87,364
Stock options				(25,624)	395	(25,229)
Changes in minority interest					(65,260)	(65,260)
Others		(405)	(1,969)	1,347	(25)	(1,052)
Balance, December 31, 2002	(Won) 1,641,293	(Won) 5,968,401	(Won) 2,462,235	(Won) 30,817	(Won) 252,355	(Won) 10,355,101

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

KOOKMIN BANK

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002 and 2001

	In Millions of Korean Won	
	2002	**2001**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	(Won) 1,271,308	(Won) 836,875
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized gain on trading securities, net	(94,540)	(49,350)
Unrealized gain on trading securities, net	(118,486)	14,430
Provision for loan losses	3,196,161	1,414,178
Gain on foreign currency transactions, net	33,258	(127,933)
Loss on derivative instruments, net	(185,408)	22,157
Retirement benefits	114,023	124,853
Depreciation and amortization	445,471	197,459
Gain on disposal of fixed assets, net	6,401	17,575
Realized gain on investment securities, net	(188,226)	(89,230)
Impairment loss on investment securities, net	348,697	117,665
Loss on sale of troubled loans, net	97,644	162,305
Minority interest in earnings of consolidated subsidiaries	(65,260)	120,557
Others, net	29,070	(374,235)
Changes in assets and liabilities resulting from operations:		
Accrued income	13,225	310,056
Prepaid expenses	(94,532)	(3,552)
Deferred tax assets	(40,229)	85,910
Other assets	(15,409)	(99,809)
Accrued expenses	(202,531)	(202,020)
Unearned income	(7,436)	(8,425)
Deferred tax liabilities	(29)	824
Withholding taxes	(55,480)	(50,306)
Other liabilities	69,148	36,397
Payment of retirement benefits	(24,034)	(655,644)
Increase in pension funds	(63,894)	(27,821)
Decrease in the National pension fund	69	26,519
Net cash provided by operating activities	(Won) 4,468,981	(Won) 1,799,435

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

Continued;

KOOKMIN BANK

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002 and 2001

	In Millions of Korean Won	
	2002	**2001**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in due from banks	(Won) 2,797,251	(Won) (2,112,025)
Decrease (increase) in trading securities	2,507,440	(3,581,594)
Increase in investment securities	(959,556)	(1,376,433)
Increase in loans, net	(21,183,846)	(8,836,726)
Proceeds from disposal of fixed assets	17,749	26,531
Acquisition of fixed assets	(706,195)	(479,701)
Others, net	(54,197)	(1,315,097)
Net cash used in investing activities	(17,581,354)	(17,675,045)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in deposits, net	6,442,197	11,503,007
Increase (decrease) in borrowings	(1,972,051)	4,000,529
Increase (decrease) in debentures	9,839,721	(2,880,627)
Others, net	(1,441,623)	2,572,955
Net cash provided by financing activities	12,868,244	15,195,864
Decrease in cash resulting form changes in the scope of consolidated subsidiaries	(18,143)	
Net decrease in cash and cash equivalents	(262,272)	(679,746)
Cash and cash equivalents, beginning of year (Note 33)	3,469,520	4,149,266
Cash and cash equivalents, end of year (Note 33)	(Won) 3,207,248	(Won) 3,469,520

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

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002 and 2001

1. The Consolidated Company;

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

The Bank -

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

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

The Bank had its shares listed on the Korea Stock Exchange since September 1994. As a result of the business combination with H&CB, the former shareholders of the Bank and H&CB received new common shares of the Bank on the basis of a pre-determined ratio. The new common shares of the Bank were relisted on the Korea Stock Exchange on November 9, 2001. The Bank s paid-in capital amounts to (Won)1,641,293 million as of December 31, 2002. Also, as of December 31, 2002, 37,728,214 shares of the Bank are listed on the New York Stock Exchange as American Depositary Shares (ADS) (See Note 19).

The Bank is engaged in the banking and trust business according to the provisions of the General Banking Act and the Trust Business Act and operates through 1,336 domestic branches and offices (including ATMs) and 3 overseas branches as of December 31, 2002.

Trust Accounts of the Bank -

According to the accounting and reporting guidelines by the banking regulatory authorities, the accompanying consolidated financial statements include trusts subject to guaranteed fixed rates of return or principal repayment. Total assets of consolidated and non-consolidated trusts of the Consolidated Company at December 31, 2002 and 2001 are as follows (in millions of Won):

	2002	2001
Consolidated trusts	(Won) 3,960,057	(Won) 5,865,422
Non-consolidated trusts	38,248,912	26,434,210
	(Won) 42,208,969	(Won) 32,299,632

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

1. The Consolidated Company, Continued;

Subsidiaries either consolidated or accounted for by the equity method -

The subsidiaries of the Bank, either consolidated or accounted for by the equity method as of December 31, 2002 and 2001, are summarized as follows:

		2002		2001	
Companies	Balance sheet date	Number of shares	Ownership (%)	Number of shares	Ownership (%)
Consolidated subsidiaries					
Kookmin Credit Card Co., Ltd.	December 31	54,365,028	74.27	54,365,028	74.27
Kookmin Data System Corp.	December 31	799,800	99.98	799,800	99.98
Kookmin Futures Co., Ltd.	March 31	3,999,200	99.98	3,999,200	99.98
Kookmin Investment Co., Ltd.[1*]	December 31	8,941,587	99.89	6,399,930	99.99
K.B. Luxembourg S.A.	December 31	70,000	100.00	70,000	100.00
Kookmin Finance Hong Kong Ltd.	December 31	2,000,000	100.00	2,000,000	100.00
K.B. Int l Ltd.(London)	December 31	20,000,000	100.00	20,000,000	100.00
KB Investment Trust Mgt. Co., Ltd.[2*]	March 31	6,134,040	80.00	6,134,040	80.00
KB Real Estate Trust Co., Ltd. [3*]	December 31	15,999,930	99.99	15,999,930	99.99
KB Credit Information Co., Ltd. [4*]	December 31	867,716	69.28	504,000	50.00
Kookmin Leasing Co., Ltd. [5*]	March 31			36,541,400	88.66
Kookmin Venture Capital Co., Ltd. [1*]	December 31			8,855,024	94.11
Frontier Investment Corp.[1*]	December 31			4,599,965	99.99
Kookmin Finance Asia Ltd. (HK) [6*]	December 31			2,000,000	100.00
Kookmin Leasing & Finance [7*]	December 31			20,000,000	100.00
Alpha Capital Corp.[8*]	March 31			16,960,000	85.43
Jooeun Industrial Co., Ltd. [9*]	December 31			1,999,910	99.99
Kookmin Bank Investment Trust Mgt. Co., Ltd. [10*]	December 31			1,999,910	99.99
Equity method investees					
ING Life Co., Ltd.	March 31	280,000	20.00	1,400,000	20.00
Korea Asset Investment Co., Ltd.[12*]	December 31	1,005,000	49.79	1,005,000	49.79
Korea Mortgage Corp. [11*]	December 31	6,000,000	26.67	6,000,000	28.22
Jeio Co., Ltd. [12*]	December 31	419,049	21.14		
Jooeun Industrial Co., Ltd. [9*]	December 31	1,999,910	99.99		
Kookmin Finance Asia Ltd. (HK) [6*]	December 31	2,000,000	100.00		

1* Kookmin Investment Co., Ltd. merged with Frontier Investment Corp. as of December 31, 2001 and with Kookmin Venture Capital Co., Ltd. as of June 27, 2002.
2* Jooeun Investment Trust Mgt Co., Ltd. was renamed KB Investment Trust Mgt. Co., Ltd. as of June 10, 2002.
3* Jooeun Real Estate Trust Co., Ltd. was renamed KB Real Estate Trust Co., Ltd. as of September 16, 2002.
4* Jooeun Credit Information Co., Ltd. merged with KB Credit Information Co., Ltd. as of May 2, 2002 and was renamed KB Credit Information Co., Ltd.
5* The Bank sold Kookmin Leasing Co., Ltd. to Sun Capital Co., Ltd. and excluded it from the scope of consolidation.
6* Kookmin Finance Asia Ltd. (HK) is in the process of liquidation and was excluded from the scope of consolidation as of December 31, 2002
7* Kookmin Leasing & Finance, a subsidiary of Kookmin Leasing Co., Ltd. was excluded from the scope of consolidation due to the disposal of Kookmin Leasing Co., Ltd.
8* The Bank sold the stocks of Alpha Capital Corp. in this fiscal year and excluded it from the scope of consolidation and applying the equity method due to a reduction to 14.97% in equity ownership.
9* The dissolution of Jooeun Industrial Co., Ltd. was approved during the shareholders meeting of the company on March 19, 2002.
10* The Bank sold the stocks of Kookmin Bank Investment Trust Mgt. Co., Ltd. to Morgan Stanley Global Emerging Markets Inc. in this fiscal year and excluded it from the scope of consolidation and applying the equity method.
11* Korea Mortgage Corp. increased its capital as of December 21, 2002 but since the consolidated company did not participate, its equity rate decreased.
12* Korea Asset Investment Co., Ltd. was invested by the Bank and Kookmin Investment Co., Ltd., a subsidiary of the Bank, and Jeio Co., Ltd. was invested by Kookmin Investment Co., Ltd., a subsidiary of the Bank.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

1. The Consolidated Company, Continued;

Operations of the subsidiaries either consolidated or accounted for by the equity method -

Consolidated Subsidiaries -

	Location	Outstanding Capital (in Millions)		Major Business
Kookmin Credit Card Co., Ltd.	Korea	KRW	366,000	Credit card operations, consumer installment financing, factoring, payment guarantees
Kookmin Data System Corp.	Korea		8,000	Software services for the Bank and other companies
Kookmin Futures Co., Ltd.	Korea		20,000	Dealing and brokerage services for futures transactions
Kookmin Investment Co., Ltd.	Korea		44,759	Investing and financing small and medium-sized enterprises
Kookmin Bank Luxembourg S.A.	Luxembourg	EUR	17.5	Commercial banking business and foreign exchange operation
Kookmin Bank Int l Ltd. (London)	U.K.	GBP	20	Commercial banking business and foreign exchange operation
Kookmin Finance HK Ltd.	Hong Kong	USD	20	Commercial banking business and foreign exchange operation
KB Investment Trust Mgt. Co., Ltd	Korea	KRW	38,338	Providing security investment trust services and investment consulting services
KB Real Estate Trust Co., Ltd.	Korea		80,000	Development, management and brokerage services with regard to real estate and trust business of real estate
KB Credit Information Co., Ltd.	Korea		6,262	Delinquent loan collecting service and credit checking service

Equity Method Investees -

	Location	Outstanding Capital (in Millions)	Major Business

ING Life Co., Ltd. [1*]	Korea	KRW	70,000	Insurance
Korea Asset Investment Co., Ltd.	Korea		10,093	Franchising, financing, consulting and information services with regard to real estate
Korea Mortgage Corp.	Korea		106,300	Purchase, issuance and sales of mortgage backed securities
Jeio co., Ltd.	Korea		2,095	Inspecting materials, manufacturing measuring instruments
Jooeun Industrial Co., Ltd.	Korea		10,000	House construction, rent and management service with regard to real estate
Kookmin Finance Asia Ltd. (HK)	Hong Kong	USD	20	Commercial banking business and foreign exchange operation

1* The Consolidated Company applied the equity method based on the amended financial statements of ING Life Korea Co., Ltd. for additional (Won)16,117 million of income taxes.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

1. The Consolidated Company, Continued;

Significant Financial Data -

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

	Total Assets	Shareholders Equity	Operating Revenue	Net Income (Loss)
Banking accounts	(Won) 171,498,841	(Won) 10,049,397	(Won) 15,587,361	(Won) 1,310,291
Trust accounts	3,960,057	45,755	314,121	
Kookmin Credit Card Co., Ltd.	13,381,369	918,227	3,134,576	(260,888)
Kookmin Data System Corp.	18,290	14,419	43,935	2,008
Kookmin Futures Co., Ltd.	39,315	25,097	13,323	2,581
Kookmin Investment Co., Ltd.	99,980	73,773	10,335	(33,883)
K.B. Luxembourg S.A [1*]	459,080	5,128	17,829	7,501
Kookmin Finance Hong Kong Ltd.	293,210	61,437	21,063	12,191
K.B. Int l Ltd. (London)	344,265	47,739	10,648	742
KB Investment Trust Mgt. Co., Ltd	63,073	57,335	33,953	16,479
KB Real Estate Trust Co., Ltd.	300,671	87,728	64,079	8,915
KB Credit Information Co., Ltd.	20,440	13,744	34,682	3,492
Elimination and equity pick-up	(3,352,317)	(1,044,678)	(422,308)	201,879
	(Won) 187,126,274	(Won) 10,355,101	(Won) 18,863,597	(Won) 1,271,308

1* Due to differences in accounting between the Bank and KB Luxembourg S. A., adjustments which resulted to a (Won)21,626 million decrease in investment securities and (Won)577 million increase in allowances for loan losses have been made. Those adjustments pertain mostly to periods before December 31, 2001.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed by the Consolidated Company in the preparation of the accompanying consolidated financial statements are summarized below.

Basis of Consolidated Financial Statement Presentation -

The official accounting records of the Bank and its subsidiaries, except for foreign subsidiaries, are maintained in Korean Won in accordance with financial accounting standards and the relevant laws and regulations of the Republic of Korea. Such basis of accounting and presentation is not in conformity with International Accounting Standards, which, if applied, would give rise to material adjustments to the financial statements.

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, results of operations or cash flows, is not presented in the accompanying financial statements.

The preparation of the consolidated financial statements in conformity with financial accounting standards requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Accounting Policies of Consolidated Companies -

The financial statements of the Consolidated Company are prepared in conformity with generally accepted financial accounting standards and the relevant laws and regulations of the Republic of Korea. The relevant laws and regulations that differ from generally accepted financial accounting standards are as follows:

	Relevant Laws and Regulations
The Bank and Trust Accounts	Accounting Standards of Banking Industry, General Banking Act, and Trust Business Act
Kookmin Credit Card Co., Ltd.	Loan Specialization Financial Business Act, and Credit Card Business Act
Kookmin Investment Co., Ltd.	Act on support for foundation of small and medium-sized companies, and Loan Specialization Financial Business Act
KB Investment Trust Mgt. Co., Ltd	Securities Investment Trust Business Act, and Accounting Standards for Securities Investment Trust Business
Kookmin Futures Co., Ltd.	Supervisory Guidelines on Futures Trading
KB Real Estate Trust Co., Ltd.	Trust Business Act
KB Credit Information Co., Ltd.	Act on the use and protection of credit information

Principles of Consolidation -

The Bank records differences between the cost basis of investment accounts and the corresponding capital accounts of subsidiaries at the time of acquisition as goodwill.

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

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

All significant intercompany transactions and account balances among the consolidated company are eliminated in consolidation.

Recognition of Interest Income -

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

Translation of Foreign Currency -

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

The exchange rate used to translate foreign currency denominated assets and liabilities are (Won)1,200.4 : US$1 , (Won)1,925.02 : GBP1, (Won)1,257.36 : EUR1 and (Won)1,012.87 : JPY100 at December 31, 2002 and (Won)1,326.1 : US$1 , (Won)1,923.11 : GBP1, (Won)1,172.60 : EUR1 and (Won)1,009.4 : JPY100 at December 31, 2001, respectively.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Loans -

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

Allowances for Loan Losses -

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

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

	Credit Ratings before Changes	Credit Ratings after Changes	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 the current financial status including delinquent number of days, bankruptcies and collateral value. During the current period, the rates used for determining the allowances for small-sized corporate loans, consumer loans, and credit cards were changed as follows:

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

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

Subsidiaries of the Bank recognize provision for loan losses based on a credit risk classification of loans and receivables in accordance with accounting standards for related subsidiaries industry and relevant laws and regulations. The material difference between the provision for loan losses of a subsidiary and that applied by FLC of the Bank is accounted for as additional provision (See Note 1).

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Allowances for Loan Losses, Continued-

Kookmin Credit Card, a subsidiary of the Bank, had been providing for loan losses under the Regulation on Supervision of Credit-Specialized Financial Business in prior years. However, from the current period, to better provide for increased risks against losses on credit card receivables, Kookmin Credit Card revised its provision policy based on the historical loan loss rates and expectations on future redemption amounts. Due to this change, for the year ended December 31, 2002, Kookmin Credit Card provided additional allowances of (Won)397,158 million resulting in a decrease of (Won)397,158 million in net income before income taxes.

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 Consolidated Company applies the interest rate as of the inception of the loans, except for the interest rate of variable rate loans and extended maturity loans, which are adjusted to reflect the interest rate as of the restructuring date. The present value discounts are recorded by reclassifying allowances for loan losses and if additional allowances need to be provided for, the additional allowances are provided and recognized as provision for loan losses of the current period. These present value discounts are amortized using the effective interest method and are recognized as interest income. Allowances for loan losses on the restructured loans are provided for based on the loan balances net of present value discounts.

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

Securities -

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

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

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

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

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 the Korean Asset Revaluation Law. Depreciation is calculated based on the estimated average useful lives of the assets and is presented as accumulated depreciation, which is a contra account of tangible assets in the financial statements.

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

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

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

The Consolidated Company 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 including goodwill are amortized based on the following estimated average useful lives using the straight-line method and are presented in the financial statements net of accumulated amortization.

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

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

Stock Issuance Costs and Debenture Issuance Costs -

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

Accrued Retirement Benefits -

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

Guarantees and Acceptances -

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

Deferred Income Taxes -

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Bonds under Repurchase/Resale Agreements -

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

Stock Options -

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

Derivatives Instruments -

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

Fair value hedge accounting is applied to a hedging transaction relationship entered into for hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss, both on the hedging derivative instrument and on the hedged item attributable to the hedged risk, are recognized in current operations.

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

National Housing Fund -

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

Gains and Losses on Trust Management -

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

Translation of the Foreign Currency Financial Statements of Foreign Entities -

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued;

Statement of Cash Flows -

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

Consolidation Adjustment -

The accompanying consolidated financial statements reflect certain consolidation adjustments as follows:

	Net Income (Loss)		Retained Earnings	
	2002	2001	2002	2001
Aggregate balances of each entity	(Won) 1,069,429	(Won) 1,323,716	(Won) 2,956,039	(Won) 1,706,921
Consolidation adjustments:				
Elimination of shareholdings	(893)	(1,470)	(250,693)	(44,307)
Minority interest in earnings or losses, net	65,260	(120,557)	(208,594)	31
Reversal of the equity method	267,419	(358,003)	(26,572)	(498,822)
Merger between subsidiaries	(81,502)			
Disposal of subsidiaries	(59,077)			
Elimination of provisions for loan losses for consolidated subsidiaries	(318)	(88,180)	918	214,232
Additional provisions for loan losses for consolidated subsidiaries		1,689		(29,516)
Elimination of gains and losses on derivatives transaction for consolidated subsidiaries	1,342		1,483	
Change in foreign exchange rate	(3,286)	(7,743)	(8,291)	3,836
Reversal of trust reserve	10,006			
Restoration of equity investments conversion		83,803		174,751
Other consolidation adjustments	2,928	3,620	(2,055)	(8,062)
	201,879	(486,841)	(493,804)	(187,857)
Balances in the consolidated financial statements	(Won) 1,271,308	(Won) 836,875	(Won) 2,462,235	(Won) 1,519,064

Application of the Statements of Korean Financial Accounting Standards -

The Korean Accounting Standards Board (KASB) has published a series of Statements of Korean Financial Accounting Standards (SKFAS), which will gradually replace the existing financial accounting standards established by the Korean Financial and Supervisory Board. SKFAS No. 2 through No. 9 become effective for the Bank on January 1, 2003, and the Bank plans to adopt these statements in its financial statements for the year ending December 31, 2003.

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

3. Cash and Due from Banks:

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

		2002	2001
Cash on hand			
Cash in Won		(Won) 2,393,118	(Won) 2,553,714
Cash in foreign currency		186,780	147,314
		2,579,898	2,701,028
Due from banks in Won			
The Bank of Korea	Reserve deposits	1,340,482	3,450,528
Banks	Time deposits	99,849	238,866
Other financial institutions	Cash management accounts	140,000	1,144,971
Others	Futures margin accounts and others	108,664	6,330
		1,688,995	4,840,695
	Present value discounts[1*]	(21,156)	(28,868)
		1,667,839	4,811,827
Due from banks in foreign currencies			
The Bank of Korea	Demand deposits	25,677	33,795
Domestic banks	Demand deposits	10,221	125,798
Foreign banks	Time deposits	220,763	146,565
Off-shore	Demand deposits	5,064	23,433
Others	Other deposits	281,174	
		542,899	329,591
		(Won) 4,790,636	(Won) 7,842,446

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

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

	2002	2001	Restrictions
Reserve deposits in the Bank of Korea and Korea Exchange Bank	(Won) 1,377,891	(Won) 3,450,528	General Banking Act
Deposits placed with Hansol Mutual Savings & Finance Co., Ltd.	140,000	145,000	Withdrawal at maturity
Deposits at insurance companies	66,000	749,723	Related to borrowings
Other deposits	20,653	56,543	Futures guarantee deposit
	(Won) 1,604,544	(Won) 4,401,794	

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

	Due from Banks in Won	Due from Banks in Foreign Currencies	Total
Due in 3 months or less	(Won) 1,511,803	(Won) 470,875	(Won) 1,982,678
Due after 3 months through 6 months		72,024	72,024
Due after 6 months through 1 year	35,000		35,000
Due after 1 year through 2 years	50,000		50,000
Due after 2 years through 3 years	90,000		90,000
Due after 3 years through 4 years			
Due after 4 years through 5 years	1,000		1,000
Thereafter	1,192		1,192
	(Won) 1,688,995	(Won) 542,899	(Won) 2,231,894

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

4. Trading Securities:

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

	Par Value	Beginning Balance[1*]	Amortized Amount[2*]	Balance Sheet Amount 2002	Balance Sheet Amount 2001
Trading securities in Won					
Listed equity securities	(Won)	(Won) 140,230	(Won) 140,230	(Won) 95,501	(Won) 56,590
Government and municipal bonds	954,172	974,579	970,785	976,166	1,769,831
Finance debentures	1,397,731	1,385,611	1,384,443	1,388,997	2,102,761
Corporate bonds	2,370,529	2,747,343	2,741,049	2,731,459	2,839,845
Beneficiary certificates		3,698,994	3,699,767	3,862,439	4,148,264
Other trading securities[3*]		176,462	182,215	207,041	658,919
		9,123,219	9,118,489	9,261,603	11,576,210
Trading securities in foreign currencies	12,526	12,364	12,366	11,842	58,128
		(Won) 9,135,583	(Won) 9,130,855	(Won) 9,273,445	(Won) 11,634,338

1* Book value as of December 31, 2001 or acquisition costs for the year ended December 31, 2002
2* Beginning balance of accumulated amortization plus current year s amortization.
3* Other trading securities include 161,993 million of commercial papers dominated in Korean Won.

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

	Securities in Won		Securities in Foreign Currencies	
	Amount	Ratio (%)	Amount	Ratio (%)

By Country				
Korea	(Won) 9,261,603	100.00	(Won) 11,842	100.00
	(Won) 9,261,603	100.00	(Won) 11,842	100.00
By Type				
Fixed rate bond	(Won) 4,294,774	46.37	(Won)	
Floating rate bond	1,021,923	11.03	11,842	100.00
Equity securities	95,501	1.03		
Others	3,849,405	41.57		
	(Won) 9,261,603	100.00	(Won) 11,842	100.00
By Industry				
Government and government agencies	(Won) 1,171,906	12.65	(Won)	
Financial institutions	6,789,441	73.31		
Others	1,300,256	14.04	11,842	100.00
	(Won) 9,261,603	100.00	(Won) 11,842	100.00

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

4. Trading Securities, Continued;

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

	Government and Municipal Bonds	Finance Debentures	Corporate Bonds	Beneficiary Certificates	Trading Securities in Foreign Currencies	Others	Total
Due in 3 months or less	(Won) 3,887	(Won) 39,996	(Won) 170,472	(Won) 3,857,413	(Won)	(Won) 155,319	(Won) 4,227,087
Due after 3 ~ 6 months	23,867	117,148	161,904	5,026		38,046	345,991
Due after 6 ~ 9 months	11,822	135,108	187,226			700	334,856
Due after 9 ~ 12 months	33,481	77,089	121,265			3,966	235,801
Due after 1 ~ 2 years	126,700	920,123	798,706			9,010	1,854,539
Due after 2 ~ 3 years	570,492	69,171	634,575		11,842		1,286,080
Due after 3 ~ 4 years	101,116		436,219				537,335
Due after 4 ~ 5 years	86,802		98,773				185,575
Thereafter	17,999	30,362	122,319				170,680
	(Won) 976,166	(Won) 1,388,997	(Won) 2,731,459	(Won) 3,862,439	(Won) 11,842	(Won) 207,041	(Won) 9,177,944

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

5. Investment Securities:

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

	2002	2001
Equity securities		
Marketable equity securities	(Won) 272,973	(Won) 366,512
Non-marketable equity securities	408,025	499,011
Domestic related parties	56,241	58,655
	737,239	924,178
Investment in special funds		
Stock market stabilization fund	12,947	23,178
Investment union fund	39,287	44,901
	52,234	68,079
Government and municipal bonds	4,609,487	3,795,572
Finance debentures	3,191,214	3,317,256
Corporate bonds	12,516,526	13,174,726
Beneficiary certificates	5,162,573	3,762,445
Securities lent	47,835	198,934
Other investment securities[1*]	1,914	2,079
Securities denominated in foreign currencies		
Overseas related parties	2,363	2,303
Equity securities	30,436	35,640
Debt securities	1,237,040	1,371,796
	1,269,839	1,409,739
	(Won) 27,588,861	(Won) 26,653,008

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

5. Investment Securities, Continued;

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

	Par Value	Beginning Balance[1*]	Amortized Amount	Balance Sheet Amount
Available-for-sale				
Government and municipal bonds	(Won) 2,174,547	(Won) 2,215,911	(Won) 2,186,170	(Won) 2,226,732
Finance debentures	2,308,398	2,257,078	2,249,679	2,267,156
Corporate bonds	3,834,894	3,753,493	3,639,398	3,695,983
Securities denominated in foreign currencies	1,194,164	1,054,763	1,029,891	1,053,170
	9,512,003	9,281,245	9,105,138	9,243,041
Held-to-maturity				
Government and municipal bonds	2,372,448	2,386,293	2,382,755	2,382,755
Finance debentures	951,000	924,048	924,059	924,058
Corporate bonds	8,772,500	8,909,211	8,821,272	8,820,543
Securities denominated in foreign currencies	239,662	168,215	179,361	183,870
	12,335,610	12,387,767	12,307,447	12,311,226
	(Won) 21,847,613	(Won) 21,669,012	(Won) 21,412,585	(Won) 21,554,267

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

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

Government and municipal bonds sold under repurchase agreements of (Won)3,074,161 million and (Won)2,955,442 million as of December 31, 2002 and 2001, respectively, are included in the investment securities (See Note 11).

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

Issuer	Ownership (%)	Acquisition Cost	Beginning Balance	Unrealized Gains (Losses)			Balance Sheet Amount	
				NI	R/E	C/A	2002	2001
KLB Securities Co., Ltd.[1*]	36.41	(Won) 10,316	(Won)	(Won)	(Won)	(Won)	(Won)	(Won)
Jooeun Industrial Co.,Ltd.[1*]	99.99	23,994	11,714	(11,714)				
ING Life Korea Co., Ltd.	20.00	21,769	24,891	(3,278)			21,613	24,891
Korea Mortgage Co., Ltd.	26.67	30,628	32,487	1,080			33,567	32,487
Jeio Co., Ltd.	21.14	750	835	(288)			547	
Korea Asset Investment Co., Ltd.	48.60	4,905	3,054	(2,540)			514	1,277
Kookmin Singapore Ltd.[1*]	100.00	12,123	2,084				2,084	2,303
Kookmin Finance Asia Ltd.(HK) [1*]	100.00	8,403	1,023	(744)			279	
		(Won) 112,888	(Won) 76,088	(Won) (17,484)	(Won)	(Won)	(Won) 58,604	(Won) 60,958

1* KLB Securities Co., Ltd., Jooeun Industrial Co., Ltd., Kookmin Singapore Ltd. (Merchant Bank), Ltd. and Kookmin Finance Asia Ltd. (HK) are in the process of liquidation.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

5. Investment Securities, Continued;

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

Issuer	Ownership (%)	Acquisition Cost	Fair Value or Net Asset Value[1*]	Balance Sheet Amount
Marketable equity securities (KSE)				
Hyundai Construction Co., Ltd.	6.14	(Won) 140,125	(Won) 48,197	(Won) 48,197
KP Chemical Co., Ltd.	7.89	36,650	22,818	22,818
Kia Motors Corp.	0.65	26,281	21,267	21,267
SK Securities Co., Ltd.	5.58	26,878	21,259	21,259
Hankang Restructuring Fund	6.25	21,444	16,632	16,632
INI Steel Co., Ltd.	2.14	9,564	14,469	14,469
Daewoo Securities Co., Ltd.	1.60	53,627	13,741	13,741
Ssangyong Motor Company	2.09	27,655	12,653	12,653
Saehan Industries Inc.	5.67	11,968	11,333	11,333
Samsung Electronics Co.,Ltd.	0.02	5,205	9,420	9,420
KT	0.05	8,497	7,978	7,978
Korea Zinc Co., Ltd.	1.91	9,008	6,485	6,485
Daewoo Engineering & Construction Co., Ltd.	1.35	5,077	5,843	5,843
Korea Electric Power Corporation	0.05	6,120	5,475	5,475
Daewoo Heavy Industries & Machinery Ltd.	1.11	3,164	5,243	5,243
ByuckSan Engineering & Construction Co., Ltd.	5.25	6,610	4,631	4,631
Crown Confectionary Co, Ltd.	10.94	1,823	4,416	4,416
Shinwon Corp.	8.38	9,873	4,366	4,366
Nam-Kwang Engineering & Construction Co., Ltd.	2.25	2,797	1,499	1,499
Others		25,766	21,685	21,685
		438,132	259,410	259,410
Marketable equity securities (KOSDAQ)				
C&H Capital Co., Ltd.	9.75	8,135	3,867	3,867
CJ Corp.	0.73	300	2,538	2,538
Others		16,463	7,158	7,158
		24,898	13,563	13,563
Non-marketable equity securities				
Mutual Fund[2*]	11.87	103,353	92,239	92,239
Korea Housing Guarantee Co., Ltd.	11.79	53,330	76,543	68,648
KT Icom Co., Ltd.	2.08	37,465	37,840	37,465

Dongbu Electronics Co., Ltd.	6.61	30,000	20,702	30,000
Hyundai Petrochemical Co., Ltd.	9.31	20,173	73,184	20,173
Daewoo Electronics Co., Ltd.	1.85	9,862	384	9,862
The Korea Securities Finance Corp.	2.40	8,160	10,371	8,160
Korea Asset Management Corp.	5.38	7,827	16,563	7,827
Samsung Life Insurance Co., Ltd.	0.11	7,479	5,988	7,479
Korea Highway Corp.	0.12	6,248	14,716	6,248
Hansol Patech Co., Ltd.	2.12	5,955	1,642	5,955
BC Card Co., Ltd.	4.95	5,738	8,040	5,738
Mirae Asset Securities Co., Ltd.	4.43	5,000	7,679	5,000
Others		176,031	97,982	103,231
		(Won) 476,621	(Won) 463,873	(Won) 408,025

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

5. Investment Securities, Continued;

Issuer	Ownership (%)	Acquisition Cost	Fair Value or Net Asset Value[1*]	Balance Sheet Amount
Equity securities denominated in foreign currencies				
Asia Credit Services (PTE) Ltd.	6.67	(Won) 12,004	(Won) 9,892	(Won) 9,892
Nanjing Kumho Tire Co., Ltd.	6.00	2,553	2,006	2,553
Investment Development Leasing Co.	10.00	1,539	2,089	2,089
Pan Asia Paper (Thailand) Co., Ltd.	4.12	4,835	2,876	2,876
Sahaviriya Steel Industry	1.09	900	2,016	2,016
Baring Communications Equity	6.73	4,921	1,947	1,947
China Enterprise Development Fund	2.63	1,224	1,224	1,224
Asia Finance and Investment Corp.	2.17	3,001	1,179	1,179
Tianjin Samsung Opto- Electronics.	10.00	1,173	1,381	1,173
Isotechnika	1.02	1,857	1,563	1,563
Others		5,974	7,046	3,924
		39,981	33,219	30,436
		(Won) 979,632	(Won) 770,065	(Won) 711,434

1* Net asset value is calculated using the monthly closing information of investees as of December 31, 2002 if possible, otherwise the most recent financial information is used.

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

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

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

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

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

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

5. Investment Securities, Continued;

Issuer	Acquisition Cost	Impairment Loss	Book Value
Hanmi Capital Co., Ltd.	(Won) 2,335	(Won) 994	(Won) 1,341
Others	2,925	1,595	1,330
	291,280	171,903	119,377
Marketable equity securities (KOSDAQ)			
C&H Capital	8,135	4,268	3,867
Others	12,779	10,166	2,613
	20,914	14,434	6,480
Non-marketable equity securities			
Alpha Capital Corp.	3,919	1,081	2,838
Others	113,214	95,361	17,853
	117,133	96,442	20,691
Equity securities denominated in foreign currencies			
Asia Credit.	12,004	2,112	9,892
Pan Asia Paper.	4,835	1,959	2,876
Baring Communications Equity	4,921	2,974	1,947
Asia Finance and Investment Corp.	3,001	1,822	1,179
Others	3,105	2,050	1,055
	27,866	10,917	16,949
Investment on funds			
KB 1호 Investment Union	1,000	75	925
Others	4,961	4,112	849
	5,961	4,187	1,774
	463,154	297,883	165,271
Debt Securities			
Corporate bonds			
Hyundai Engineering & Construction Co. Ltd.	69,400	40,811	28,589
H&CB 200105 ABS Specialty Co., Ltd.	23,500	7,459	16,041
Kookmin-2nd ABS Specialty Co., Ltd.	10,000	209	9,791

Kookmin-4 ABS Specialty Co., Ltd.	6,500	480	6,020
Kookmin-5 ABS Specialty Co., Ltd.	4,000	1,166	2,834
Others	746	730	16
	114,146	50,855	63,291
Debt securities denominated in foreign currencies			
Daehan Global	43,296	14,726	28,570
PT Pelabuan	14,028	5,025	9,003
Berjaya Group capital	1,991	530	1,461
Others	10,514	7,376	3,138
	69,829	27,657	42,172
	183,975	78,512	105,463
	(Won) 647,129	(Won) 376,395	(Won) 270,734

For the year ended December 31, 2002, the recovery of impairment losses on investment equity securities amounts to (Won)15,318 million related to the investments in Korea Housing Guarantee Co., Ltd. and the recovery of impairment losses on investment debt securities amounts to (Won)6,800 million and (Won)5,580 million related to the investments in Kookmin-3rd ABS Specialty Co., Ltd. and Kookmin-4th ABS Specialty Co., Ltd., respectively.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

5. Investment Securities, Continued;

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

	Securities in Won[1]*		Securities in Foreign Currencies	
	Amount	Ratio (%)	Amount	Ratio (%)
By Country				
Korea	(Won) 26,271,187	100.00	(Won) 924,237	72.78
USA			85,220	6.71
Philippines			66,708	5.25
Germany			30,010	2.36
Mexico			20,007	1.58
India			22,294	1.76
Indonesia			22,575	1.78
Hong Kong			19,132	1.51
Singapore			10,252	0.81
Thailand			11,978	0.94
Others			57,426	4.52
	(Won) 26,271,187	100.00	(Won) 1,269,839	100.00
By Type				
Fixed rate bonds	(Won) 16,957,848	64.55	(Won) 453,349	35.70
Floating rate bonds	4,837,263	18.41	491,096	38.67
Subordinated bonds	422,708	1.61	156,066	12.29
Convertible bonds	30,128	0.11	119,286	9.39
Equity securities	737,580	2.81	32,799	2.58
Others	3,285,660	12.51	17,243	1.37
	(Won) 26,271,187	100.00	(Won) 1,269,839	100.00
By Industry				
Government and government agencies	(Won) 12,796,929	48.71	(Won) 180,347	14.20
Financial institutions	10,397,551	39.58	614,224	48.37
Others	3,076,707	11.71	475,268	37.43
	(Won) 26,271,187	100.00	(Won) 1,269,839	100.00

1* Securities lent are not included.

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

	Government and Municipal Bonds	Finance Debentures	Corporate Bonds	Beneficiary Certificates	Securities in Foreign Currencies	Others	Total
Due in 3 months or less	(Won) 58,372	(Won) 569,808	(Won) 749,435	(Won) 2,370,297	(Won) 104,172	(Won) 1,914	(Won) 3,853,998
Due after 3 ~ 6 months	18,239	880,899	567,741	476,833	118,220		2,061,932
Due after 6 ~ 9 months	354,834	101,670	4,282,185	182,908	48,859		4,970,456
Due after 9 ~ 12 months	102,190	443,170	645,157	440,142	55,526		1,686,185
Due after 1 ~ 2 years	938,114	1,055,856	2,505,758	671,415	170,908		5,342,051
Due after 2 ~ 3 years	1,422,987	109,811	2,554,725	1,020,978	297,776		5,406,277
Due after 3 ~ 4 years	362,006	30,000	676,795		148,962		1,217,763
Due after 4 ~ 5 years	1,097,616		217,207		156,603		1,471,426
Thereafter	255,129		317,523		136,014		708,666
	(Won) 4,609,487	(Won) 3,191,214	(Won) 12,516,526	(Won) 5,162,573	(Won) 1,237,040	(Won) 1,914	(Won) 26,718,754

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

5. Investment Securities, Continued;

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

	Trading Securities		Investment Securities	
	Amount	Ratio (%)	Amount	Ratio (%)
USD	(Won) 11,842	100.00	(Won) 1,202,365	94.69
JPY			48,398	3.81
DEM			5,667	0.45
EUR			3,740	0.29
THB			3,570	0.28
BDT			2,089	0.16
PHP			451	0.04
SFR			1,496	0.12
IDR			133	0.01
CHF			367	0.03
Others			1,563	0.12
	(Won) 11,842	100.00	(Won) 1,269,839	100.00

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

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

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

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

Related Liability	Securities Provided

Transaction	Amount	Book Value	Pledge Value
Bonds sold under repurchase agreements	(Won) 3,074,161	(Won) 3,907,187	(Won) 3,855,399
Borrowings from the Bank of Korea	671,854	2,141,059	2,119,350
Derivatives transactions	Borrowing within credit line	105,407	110,033
BOK settlements	Borrowing within credit line	507,753	504,300
Sale of non-performing loans	Borrowing within credit line	168,100	166,671
Borrowings denominated in foreign currencies	1,670	1,895	1,900
Borrowings for supporting venture fund etc.	17,244	4,927	4,749
		(Won) 6,836,328	(Won) 6,762,402

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

6. Loans:

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

Account	Detailed Account	2002	2001
Loans in Won			
Corporate loans	Operation loans		
	General operation loans	(Won) 28,774,621	(Won) 22,829,596
	Notes discounted	1,851,133	2,235,289
	Overdraft accounts	568,702	397,592
	Trading notes	814,759	736,886
	Other operation loans	3,229,851	2,545,620
		35,239,066	28,744,983
	Facility loans		
	General facility loans	4,676,506	3,117,383
	Special purpose loans		417,174
	Other facility loans	1,287,125	899,890
		5,963,631	4,434,447
		41,202,697	33,179,430
Consumer loans	General consumer loans	39,713,543	34,367,459
	Consumer housing loans	33,731,435	25,181,841
	Remunerations on mutual installment savings	131,768	57,099
	Other consumer loans	632,172	385,488
		74,208,918	59,991,887
Public loans	Public operation loans	738,632	730,598
	Public facility loans	39,414	57,211
		778,046	787,809
Other loans	Property formation loans	95,252	154,069
	Inter-bank loans	20,941	36,110

	Others	5,450	7,740
		121,643	197,919
Trust accounts	Loans on real estate collateral	153,105	233,232
Subsidiaries	Investment in direct financing leases		214,040
	Others	280,225	182,668
		280,225	396,708
		116,744,634	94,786,985
Loans in foreign currencies	Domestic funding loans	1,196,510	2,031,655
	Overseas funding loans	896,998	1,102,198
	Inter-bank loans	816,406	842,255
	Government funding loans	3,241	6,968
	Domestic usance bills	1,346,044	286,155
	Investment in direct financing leases		249,953
		4,259,199	4,519,184
Bills bought in Won		37,415	51,077
Bills bought in foreign currencies		756,300	1,006,095
Payments on guarantees		52,543	200,126
Credit card accounts	General credit sales	1,742,456	1,823,706
	Installment credit sales	4,678,785	3,795,928
	Cash services	4,555,004	5,265,089
	Card loans	3,965,349	3,180,790
	Others	25,952	23,321
		14,967,546	14,088,834

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

6. Loans, Continued;

Account	Detailed Account	2002	2001
Bonds purchased under resale agreements (RP)			640,000
Call loans	Call loans in Won	33,600	1,293,900
	Call loans in foreign currencies	195,741	78,401
	Inter-bank reconciliation funds	89,287	124,616
		318,628	1,496,917
Privately placed debentures		1,285,279	1,999,579
Loans due for equity conversion		7,643	219,048
Other loans		56,795	52,033
		138,485,982	119,059,878
Allowances for loan losses (Note 7)		(3,311,861)	(2,641,170)
Present value discounts		(30,509)	(77,987)
		(Won) 135,143,612	(Won) 116,340,721

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

		Settlements by Issuance or Grants of					
	Balances before Restructuring	Exemption	Loans due for Equity Conversion	Equity Securities	Convertible Bonds	Balances after Restructuring	Present Value Discounts
Workout	(Won) 285,613	(Won) 2,891	(Won)	(Won) 132,601	(Won) 17,287	(Won) 132,834	(Won) 6,116
Court receivership	117,385		3,932	96,228		17,225	2,811
Court mediation	102,364					102,364	1,247
Others	207,458	5,473	3,711			198,274	20,335
	(Won) 712,820	(Won) 8,364	(Won) 7,643	(Won) 228,829	(Won) 17,287	(Won) 450,697	(Won) 30,509

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

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

	Loans in Won	Loans in Foreign Currencies	Bills Bought[1*]	Credit Card	Call Loans	Privately Placed Debentures	Others	Total
Due in 3 months or less	(Won) 14,867,849	(Won) 1,938,187	(Won) 657,033	(Won) 6,141,478	(Won) 318,628	(Won) 80,380	(Won) 54,138	(Won) 24,057,693
Due after 3 ~ 6 months	13,850,529	293,937	111,137	6,012,599		96,905	3,711	20,368,818
Due after 6 ~ 12 months	24,302,835	492,198	8,123	1,253,302		287,164	113	26,343,735
Due after 1 ~ 2 years	19,262,743	391,018	7,160	708,737		336,207	25,993	20,731,858
Due after 2 ~ 3 years	26,797,660	273,303	7,160	455,008		419,595		27,952,726
Due after 3 ~ 4 years	2,461,268	131,375	3,102	98,306		59,889		2,753,940
Due after 4 ~ 5 years	3,058,047	133,052		267,112		5,012	30,802	3,494,025
Thereafter	12,143,703	606,129		31,004		127	2,224	12,783,187
	(Won) 116,744,634	(Won) 4,259,199	(Won) 793,715	(Won) 14,967,546	(Won) 318,628	(Won) 1,285,279	(Won) 116,981	(Won) 138,485,982

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

6. Loans, Continued;

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

	Loans in Won	Loans in Foreign Currencies	Others	Total	Percentage (%)
By Country					
Korea	(Won) 116,744,634	(Won) 3,458,539	(Won) 17,324,751	(Won) 137,527,924	99.30
Southeast Asia		67,192	95,482	162,674	0.12
Russia		118,840		118,840	0.09
China		12,931	677	13,608	0.01
Japan		245,078		245,078	0.18
USA/ Latin America		41,334	7,443	48,777	0.03
Others		315,285	53,796	369,081	0.27
	(Won) 116,744,634	(Won) 4,259,199	(Won) 17,482,149	(Won) 138,485,982	100.00
By Customer and Industry					
Industrial loans					
Financial institutions	(Won) 620,231	(Won) 741,872	(Won) 358,528	(Won) 1,720,631	1.24
Manufacturing companies	14,340,920	1,708,266	1,266,787	17,315,973	12.50
Service companies	3,621,947	886,256	94,780	4,602,983	3.32
Others	22,701,763	851,921	773,724	24,327,408	17.58
	41,284,861	4,188,315	2,493,819	47,966,995	34.64
Household loans	74,681,727	61,138	14,988,330	89,731,195	64.79
Public and other loans	778,046	9,746		787,792	0.57
	(Won) 116,744,634	(Won) 4,259,199	(Won) 17,482,149	(Won) 138,485,982	100.00

7. Allowances for Loan Losses:

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

Allowance for	2002	2001
Loans in Won	(Won) 1,949,602	(Won) 1,586,897
Loans in foreign currencies	113,034	293,304
Bills bought in Won and foreign currencies	20,213	97,269
Payments on guarantees	18,467	91,838
Credit card accounts	1,134,386	355,890
Privately placed debentures	34,365	101,834
Loans due for equity conversion	5,373	46,719
Other loans	13,798	22,726
	3,289,238	2,596,477
Other allowances	22,623	44,693
	(Won) 3,311,861	(Won) 2,641,170

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

7. Allowances for Loan Losses, Continued;

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

		Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total
Loans in Won	Loan balance	(Won) 108,373,870	(Won) 5,264,333	(Won) 2,298,262	(Won) 541,340	(Won) 242,631	(Won) 116,720,436
	Allowances	726,276	210,621	470,326	299,748	242,631	1,949,602
	Percentage(%)	0.67	4.00	20.46	55.37	100.00	1.67
Loans in foreign currencies	Loan balance	3,820,712	234,042	153,193	38,914	8,317	4,255,178
	Allowances	14,999	14,119	49,628	25,971	8,317	113,034
	Percentage(%)	0.39	6.03	32.40	66.74	100.00	2.66
Bills bought[1*]	Loan balance	673,588	101,725	2,263	5,956	10,183	793,715
	Allowances	3,368	2,035	453	4,174	10,183	20,213
	Percentage(%)	0.50	2.00	20.02	70.08	100.00	2.55
Payments on guarantees	Loan balance	11,306	4,695	19,784	5,634	11,124	52,543
	Allowances	57	482	3,957	2,847	11,124	18,467
	Percentage(%)	0.50	10.27	20.00	50.53	100.00	35.15
Credit card accounts	Loan balance	12,316,550	1,972,420	113	638,959	39,504	14,967,546
	Allowances	265,458	392,522	23	436,879	39,504	1,134,386
	Percentage(%)	2.16	19.90	20.35	68.37	100.00	7.58
Call loans	Loan balance	318,628					318,628
	Allowances						
	Percentage(%)						

Privately placed debentures	Loan balance	1,176,482	32,937	57,779	16,312	1,702	1,285,212
	Allowances	5,874	1,339	12,288	13,162	1,702	34,365
	Percentage(%)	0.50	4.07	21.27	80.69	100.00	2.67
Loans due for equity conversion	Loan balance			2,103	5,540		7,643
	Allowances			1,144	4,229		5,373
	Percentage(%)			54.40	76.34		70.30
Other loans	Loan balance	28,581		10,671	15,194	126	54,572
	Allowances	143		2,134	11,395	126	13,798
	Percentage(%)	0.50		20.00	75.00	100.00	25.28
Total loans	Loan balance[2*]	(Won) 126,719,717	(Won) 7,610,152	(Won) 2,544,168	(Won) 1,267,849	(Won) 313,587	(Won) 138,455,473
	Allowances[3*]	1,016,175	621,118	539,953	798,405	313,587	3,289,238
	Percentage(%)	0.80	8.16	21.22	62.97	100.00	2.38

1* Bills bought in Won and foreign currencies
2* The above amounts of loan balances are net of present value discounts.
3* The above amounts of allowances for loan losses do not include other allowances.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

7. Allowances for Loan Losses, Continued;

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

	2002	2001
Beginning Balance	(Won) 2,641,170	(Won) 2,250,507
Increase due to:		
Provision for loan losses	3,196,161	1,414,178
Business combination with H&CB		970,556
Collection of written-off loans	284,145	97,123
Troubled debt restructuring	61,342	45,458
Repurchase of loans sold	6,424	3,404
Reclassifications	83,181	3,230
Changes in exchange rates and others	25,108	27,763
	3,656,361	2,561,712
Decrease due to:		
Write-off of loans	2,552,014	1,459,540
Changes in scope of consolidation	83,722	
Sale of loans	113,414	382,236
Conversion of loans into equity securities	136,185	103,472
Exemption of loans	8,364	38,737
Offset with present value discounts from troubled debt restructuring	61,104	32,967
Reclassifications		145,656
Changes in exchange rates and others	30,867	8,441
	2,985,670	2,171,049
Ending Balance	(Won) 3,311,861	(Won) 2,641,170

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

	2002	2001	2000
Loans[1*]	(Won) 138,455,473	(Won) 118,981,891	(Won) 60,463,017
Allowances for loan losses[2*]	3,289,238	2,641,170	2,250,507

Ratio (%)	2.38	2.22	3.72

1* The above amounts of loans are net of present value discounts
2* The above amounts of allowances for loan losses do not include other allowances.

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

8. Fixed Assets:

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

	2002			2001		
	Acquisition Cost	Accumulated Depreciation	Net Carrying Value	Acquisition Cost	Accumulated Depreciation	Net Carrying Value
Tangible assets						
Land	(Won) 1,231,177	(Won)	(Won) 1,231,177	(Won) 1,226,141	(Won)	(Won) 1,226,141
Building and structures	919,541	120,353	799,188	885,132	101,967	783,165
Leasehold improvements	98,843	48,606	50,237	63,310	30,973	32,337
Equipment and vehicles	1,305,953	663,389	642,564	828,188	453,474	374,714
Leasing property[1*]				167,845		167,845
Construction in progress	1,197		1,197	5,774		5,774
	(Won) 3,556,711	(Won) 832,348	2,724,363	(Won) 3,176,390	(Won) 586,414	2,589,976
Intangible assets			632,115			694,135
Foreclosed assets (net of valuation allowance)			3,680			7,184
			(Won) 3,360,158			(Won) 3,291,295

1* The Leasing properties as of December 31, 2001 comprise the land and the construction expenses related to the housing construction of Jooeun Industrial Co., Ltd., which is excluded from the scope of consolidation as of December 31, 2002.

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

All of the Bank s tangible assets, other than those personal properties valued under (Won)1 million, are covered by insurance policies of (Won)1,285,072 million and (Won)1,103,582 million as of December 31, 2002 and 2001, respectively. All vehicles are covered by legal and general insurance policies.

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

	Beginning Balance	Increase	Decrease	Ending Balance
Goodwill	(Won) 691,587	(Won)	(Won) 77,581	(Won) 614,006
Negative goodwill		(346)	(46)	(300)
Rights to income on donated asset	118		8	110
Store possessory right	183		22	161
Trademarks	131	1	121	11
Others	2,116	18,281	2,270	18,127
	(Won) 694,135	(Won) 17,936	(Won) 79,956	(Won) 632,115

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

	2002		2001	
	Book Value	Appraisal Value	Book Value	Appraisal Value
Lands included in tangible assets	(Won) 1,231,177	(Won) 1,023,116	(Won) 1,226,141	(Won) 1,014,740
Lands included in foreclosed assets	1,923	931	4,253	13,492
	(Won) 1,233,100	(Won) 1,024,047	(Won) 1,230,394	(Won) 1,028,232

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

9. Other Assets:

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

	2002	2001
Guarantee deposits paid	(Won) 1,342,223	(Won) 1,251,727
Accounts receivable	1,887,952	1,764,224
Accrued income	1,278,215	1,344,564
Payments in advance	59,331	108,150
Prepaid expenses	148,825	54,664
Deferred tax assets (Note 27)	188,068	147,839
Derivative assets (Note 17)	668,049	277,699
Unsettled exchange assets	1,087,587	1,490,602
Leased property	93	123,875
Loans to trust accounts	361,444	313,511
Others	41,127	185,387
(Allowance for losses)	(93,263)	(204,986)
(Present value discounts)	(89)	(20,258)
	(Won) 6,969,562	(Won) 6,836,998

10. Deposits:

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

	Annual Interest (%)	2002	2001
Deposits in Won			
The Bank s demand deposits	0.0-0.5	(Won) 12,975,321	(Won) 10,816,856
The Bank s savings deposits	0.5-12.38	105,949,306	101,950,655
Trust accounts deposits		3,697,202	5,397,428
Subsidiaries deposits	2.0	13,038	12,391
		122,634,867	118,177,330

Deposits in foreign currencies			
The Bank s demand deposits	0.0-3.0	585,796	456,146
The Bank s savings deposits	0.44-8.0	497,852	610,996
Subsidiaries deposits		128,356	50,421
		1,212,004	1,117,563
Certificates of deposit	4.0-4.80	3,044,089	1,154,056
		(Won) 126,890,960	(Won) 120,448,949

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

10. Deposits, Continued;

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

	Deposits in Won	Deposits in Foreign Currencies	Certificates of Deposit	Total
Due in 3 months or less	(Won) 64,763,664	(Won) 1,011,031	(Won) 1,496,052	(Won) 67,270,747
Due after 3 months through 6 months	13,250,249	107,878	1,480,311	14,838,438
Due after 6 months through 1 year	31,818,169	73,691	67,726	31,959,586
Due after 1 year through 2 years	7,302,870	18,914		7,321,784
Due after 2 years through 3 years	4,195,407	416		4,195,823
Due after 3 years through 4 years	694,941			694,941
Due after 4 years through 5 years	264,142	74		264,216
Thereafter	345,425			345,425
	(Won) 122,634,867	(Won) 1,212,004	(Won) 3,044,089	(Won) 126,890,960

11. Borrowings:

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

	Annual Interest (%)	2002	2001
Borrowings in Won			
Borrowings from the Bank of Korea	2.50~8.00	(Won) 671,854	(Won) 1,270,163
Borrowings from the government	0.00~6.00	1,070,912	989,162
Borrowings from banking institutions	2.00~9.55	2,460,871	1,386,637
Borrowings from National Housing Fund	3.00~8.00	126,085	141,304
Borrowings from non-banking financial Institutions	2.00~11.84	3,381,211	975,107
Other borrowings	2.20~7.00	1,130,930	3,445,022
		8,841,863	8,207,395

Borrowings in foreign currencies			
Borrowings from domestic banks	1.78~6.95	220,603	914,285
Borrowings from foreign banks	0.19~3.45	2,328,134	1,972,600
Borrowings from other financial institutions	2.13~3.34	592,014	150,629
		3,140,751	3,037,514
Bonds sold under repurchase agreement	2.29~4.85	3,074,161	2,955,442
Bills sold	4.00~4.80	72,860	79,443
Due to the Bank of Korea denominated in foreign currencies		37,493	126,501
Call money	0.25~5.85	305,966	2,701,216
		15,473,094	17,107,511
(Present value discounts) [1*]			(34,829)
		(Won) 15,473,094	(Won) 17,072,682

1* The present value discounts as of December 31, 2001 are those relating to the debt restructuring of Kookmin Leasing Co., Ltd. and Alpha capital Co., Ltd., respectively, which are excluded from the scope of the consolidated financial statements as of December 31, 2002.

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

11. Borrowings, Continued;

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

	Borrowings in Won	Borrowings in Foreign Currencies	Others	Total
Due in 3 months or less	(Won) 2,272,675	(Won) 1,740,330	(Won) 2,340,074	(Won) 6,353,079
Due after 3 months through 6 months	1,593,961	363,952	672,386	2,630,299
Due after 6 months through 1 year	1,605,463	390,082	478,020	2,473,565
Due after 1 year through 2 years	1,472,074	327,061		1,799,135
Due after 2 years through 3 years	638,707	272,057		910,764
Due after 3 years through 4 years	331,489	552		332,041
Due after 4 years through 5 years	247,402	391		247,793
Thereafter	680,092	46,326		726,418
	(Won) 8,841,863	(Won) 3,140,751	(Won) 3,490,480	(Won) 15,473,094

12. Debentures:

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

	Annual Interest (%)	2002	2001
Debentures in Won			
Subordinated debentures	5.68~16.00	(Won) 4,863,125	(Won) 3,634,082
Convertible debentures			69,468
Discounted debentures	4.46~7.38	9,627,021	2,208,599
Coupon debentures	4.78~10.48	3,822,818	1,797,479
Compound interest debentures	4.76~10.57	4,522,384	4,912,982
		22,835,348	12,622,610
Discounts on debentures		(273,702)	(124,561)
		22,561,646	12,498,049

Debentures denominated in foreign currencies			
Regular debentures	1.95~5.00	891,161	1,369,967
Discounts on debentures		(2,461)	(6,801)
		888,700	1,363,166
		(Won) 23,450,346	(Won) 13,861,215

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

12. Debentures, Continued;

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

	Issue Date	Hundred Millions of Won	Annual Interest (%)	Maturity
Subordinated				
Floating rate	1998-12-29	(Won) 2,212	5.68	2004-03-31
	1998-12-29	883	6.68	2004-03-31
Fixed rate	1997-12-29	1,000	16.00	2004-01-05
	1998-06-18	600	15.66	2003-07-18
	1998-06-23	1,749	15.02	2003-11-15
	2002-12-18	1,100	8.00	2008-01-18
Fixed rate[1*]	1997-01-27 ~ 08-27	1,049	11.04 ~ 15.66	2003-01-27 ~ 08-27
	2000-03-27	2,000	9.65	2005-03-27
	2000-06-28	2,540	9.04 ~ 9.10	2006-01-28
	2000-09-27	3,000	8.99	2006-01-27
	2000-09-28	1,500	8.79 ~ 8.85	2006-01-28
	2000-11-28	1,000	8.65 ~ 8.71	2006-02-28
	2000-11-28	1,620	9.57 ~ 9.65	2010-11-28
	2000-12-27	2,000	8.71	2006-01-27
	2001-05-28	2,000	7.60 ~ 7.65	2007-02-28
	2001-06-27	1,600	7.68	2008-03-27
	2001-06-27	2,175	7.86	2009-03-27
	2001-08-28	1,000	6.69 ~ 6.73	2007-08-28
	2001-09-28	1,500	6.69 ~ 6.73	2008-03-28
	2002-03-27	2,417	7.06 ~ 7.10	2008-01-27
	2002-07-27	3,024	6.96 ~ 7.00	2008-01-27
	2002-09-27	2,574	6.27 ~ 6.30	2008-03-27
	2002-09-27	1,500	6.51 ~ 6.55	2010-03-27
	2002-09-27	926	6.66 ~ 6.70	2013-03-27
	2002-11-27	4,007	6.07 ~ 6.10	2008-05-27
	2002-11-27	578	6.27 ~ 6.30	2010-05-27
	2002-11-27	1,003	6.51 ~ 6.55	2013-05-27
	2002-12-27	304	6.55	2014-12-27
	2002-12-27	100	6.20	2008-06-27
	2002-12-27	900	6.40	2010-06-27
	2002-12-27	500	6.65	2013-06-27
Senior				
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
	2002-09-12	100	6.92	2004-09-12
	1988-07-27 ~ 2003-01-27	114,777	4.12 ~ 10.57	1991-04-30 ~ 2008-01-27
Senior Housing debentures[1*]	1989-08-31 ~ 2000-08-31	13	6.28 ~ 16.28	1990-11-30 ~ 2005-03-31
Subordinated housing debentures	1998.12.29	270	5.68	2004-03-31
Senior credit card account	2000-03-09 ~ 2002-12-09	56,932	2.68 ~ 10.5	2003-03-09 ~ 2008-04-10
		(Won) 228,353		

1* Debentures sold over the counter

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

12. Debentures, Continued;

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

	Issue Date	Thousands of Dollars		Annual Interest (%)	Maturity	Listings
Floating rate	2000-04-10	USD	40,000	2.86	2003-04-10	Not listed
	2000-06-02	USD	10,000	2.77	2003-06-02	Not listed
	2000-08-10	USD	12,500	2.65	2003-08-11	Not listed
	2002-04-03	USD	46,000	1.95	2003-04-02	Not listed
	2002-04-03	USD	81,000	2.06	2004-04-03	Not listed
	2002-07-03	HKD	800,000	2.02	2003-07-02	Not listed
	2002-12-23	USD	8,000	2.00	2004-12-23	Not listed
	2002-12-23	USD	77,000	2.10	2005-12-23	Not listed
Fixed rate	2000-04-20	SGD	100,000	5.00	2003-04-20	Not listed
	2002-12-10	USD	307,674	4.63	2007-02-10	Luxembourg
	USD equivalent (in thousands of USD)	USD	742,387			
	KRW equivalent (in millions of Won)	(Won)	891,161			

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

On November 25, 2002, Goldman Sachs Capital Koryo, L.P. converted $200 million of its subordinated foreign currency convertible bonds, all of which had been outstanding as of December 31, 2001, into common stocks (See Notes 19).

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

	Won	Foreign Currencies	Total

Due in 3 months or less	(Won)	2,723,419	(Won)	(Won)	2,723,419
Due after 3 months through 6 months		3,304,664	307,557		3,612,221
Due after 6 months through 1 year		6,738,761	15,005		6,753,766
Due after 1 year through 2 years		4,170,272	106,835		4,277,107
Due after 2 years through 3 years		1,611,878	92,431		1,704,309
Due after 3 years through 4 years		1,200,019			1,200,019
Due after 4 years through 5 years		374,467	369,333		743,800
Thereafter		2,711,868			2,711,868
	(Won)	22,835,348	(Won) 891,161	(Won)	23,726,509

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

13. Accrued Retirement Benefits:

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

	Beginning Balance	Change in the Scope of Consolidation	Amounts Provided	Amounts Paid Out	Ending Balance
Retained retirement benefits	(Won) 25,640	(Won) (1,735)	(Won) 49,509	(Won) 22,092	(Won) 51,322
Contributed retirement benefits	35,611	978	64,514	1,944	99,161
Total accrued retirement benefits	61,251	(757)	114,023	24,034	150,483
Contribution to National Pension Fund	(375)			(169)	(206)
Contribution to pension funds	(35,611)	437	(65,931)	(1,944)	(99,161)
	(Won) 25,265	(Won) (320)	(Won) 48,092	(Won) 21,921	(Won) 51,116

For the year ended December 31, 2002, the Consolidated Company paid (Won)72,809 million as retirement benefits, including (Won)48,775 million of special retirement benefits for early retirement.

Contributed retirement benefits, comprising approximately 65.90% of total accrued retirement benefits as of December 31, 2002, represent the Bank s contributions to pension funds at five insurance companies, including Korea Life Insurance Co., Ltd., and the Bank s employees hold the right of payment from these funds.

14. Employee Stock Options:

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

	Stock Options Transferred from H&CB								
	Series 1	**Series 2**	**Series 3**	**Series 4**	**Series 5**	**Series 6**	**Series71*2***	**Series 82***	**Series 9**
Grant date	00.3.18	01.3.15	98.10.31	99.2.27	00.2.28	01.3.24	01.11.16	02.3.22	02.7.26
Shares granted	222,094	214,975	400,000	280,000	267,000	111,000	650,000	622,000	30,000
Shares expired to date	109,565	16,882		59,892	65,218	21,173		43,000	
Shares exercised			320,000	220,108					
Shares outstanding	112,529	198,093	90,000		201,782	89,827	650,000	579,000	30,000
Exercise method	The Bank s choice of issuance or net settlement								
Exercise price	(Won) 23,469	(Won) 28,027	(Won) 5,000	(Won) 13,900	(Won) 27,600	(Won) 25,100	(Won) 51,200	(Won) 57,100	(Won) 58,800
Exercise period	03.3.19~ 05.3.18	04.3.16~ 09.3.15	01.11.1~ 04.10.31	02.2.28~ 05.2.27	03.3.1~ 06.2.28	04.3.25~ 07.3.24	04.11.17~ 09.11.16	05.3.23~ 10.3.22	05.7.27~ 10.7.26

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

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

14. Employee Stock Options, Continued;

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

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

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

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

Kookmin Credit Card Co., Ltd has accounted for its stock options under the fair value method and recorded its compensation costs in capital adjustments.

15. Other Liabilities:

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

	2002	2001
Accrued retirement benefits (Note 13)	(Won) 51,116	(Won) 25,265
Allowance for loss on acceptances and guarantees (Note 16)	2,304	43,823
Due to trust accounts	633,555	1,466,530
Accounts payable	2,415,205	1,486,297
Accrued expenses	5,257,319	5,450,696
Advances from customers	253,593	138,079
Unearned income	152,423	169,965
Withholding taxes	92,425	147,920
Guarantee deposits received	108,705	154,312
Deferred income tax liability (Note 27)	56	824
Derivative liabilities (Note 17)	526,887	271,955
Unsettled domestic exchange transaction	541,757	1,443,480
Due to agencies	486,413	705,727
Other allowances[1*]	53,277	52,965
Giro accounts	289,081	264,477
Other	92,657	116,689
	(Won) 10,956,773	(Won) 11,939,004

1* The Bank provided other allowances for possible losses in relation to the combination with the overseas branches of H&CB.

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

16. Guarantees and Acceptances:

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

	2002	2001
Outstanding Guarantees and acceptances		
In Korean Won		
Guarantees on debentures	(Won) 571	(Won) 6,011
Guarantees on loan collateral	39,234	59,930
Guarantees on commercial bills	646	230
Others	251,833	205,331
	292,284	271,502
In Foreign Currencies		
Acceptances on letters of credit	203,939	1,769,695
Acceptances for letters of guarantee for importers	111,016	72,383
Guarantees for performance	71,577	177,278
Guarantees for bid	1,077	744
Guarantees for borrowings	31,055	29,028
Guarantees for repayment of advances	25,707	2,440
Others	311,582	502,231
	755,953	2,553,799
	1,048,237	2,825,301
Contingent guarantees and acceptances		
Letters of Credit	1,253,640	1,328,289
Others	63,524	58,739
	1,317,164	1,387,028
	(Won) 2,365,401	(Won) 4,212,329

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

		Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total
Won	Balance	(Won) 273,097	(Won) 17,215	(Won) 1,820	(Won) 152	(Won)	(Won) 292,284
	Allowance			381	143		524
	Ratio (%)			20.00	94.08		0.18
Foreign currencies	Balance	678,333	69,770	7,512	227	111	755,953
	Allowance			1,545	124	111	1,780
	Ratio (%)			20.57	54.63	100	0.24
Total	Balance	(Won) 951,430	(Won) 86,985	(Won) 9,332	(Won) 379	(Won) 111	(Won) 1,048,237
	Allowance			1,926	267	111	2,304
	Ratio (%)			20.46	70.45	100	0.22

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

	2002	2001	2001
Outstanding Guarantees and acceptances	(Won) 1,048,237	(Won) 2,825,301	(Won) 3,059,541
Allowances for losses from outstanding guarantees and acceptances	2,304	43,823	37,331
Ratio (%)	0.22	1.55	1.22

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

16. Guarantees and Acceptances, Continued;

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

	2002	2001
Beginning balance	(Won) 43,823	(Won) 37,331
Increase due to the business combination with H&CB		14,943
Reversal of allowance	(37,436)	(8,790)
Changes in foreign exchange rates	(4,083)	339
Ending balance	(Won) 2,304	(Won) 43,823

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

	Outstanding Guarantees and Acceptances		Contingent Guarantees and Acceptances		Total	
	Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
Korea	(Won) 1,003,703	95.75	(Won) 1,310,406	99.49	(Won) 2,314,109	97.83
USA	33,571	3.20	168	0.01	33,739	1.43
Others	10,963	1.05	6,590	0.50	17,553	0.74
	(Won) 1,048,237	100	(Won) 1,317,164	100	(Won) 2,365,401	100

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

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

Industrial						
Manufacturing	(Won) 365,324	34.85	(Won) 792,734	60.18	(Won) 1,158,058	48.96
Service	163,138	15.56	41,391	3.14	204,529	8.65
Finance	58,223	5.56	86	0.01	58,309	2.46
Others	458,176	43.71	482,953	36.67	941,129	39.79
	1,044,861	99.68	1,317,164	100.00	2,362,025	99.86
Household	3,376	0.32			3,376	0.14
	(Won) 1,048,237	100.00	(Won) 1,317,164	100.00	(Won) 2,365,401	100.00

17. Derivatives:

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

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

17. Derivatives, Continued;

Hedge derivatives comprise mainly of interest rate swaps to hedge the fair value changes or cash flow changes arising from the interest rate risk. 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 re-measured with the changes in fair value attributable to the hedged risk reported currently in earnings or where the hedged item cannot be individually identified.

For the derivative instruments for cash flow hedging purposes, the period in which the forecasted transactions are expected to occur is within 63 months from December 31, 2002, and all deferred losses recorded in capital adjustments at that date are expected to be included in the determination of net income within the 63-month period.

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

	Notional Amount					
	2002			2001		
	Trading	Hedge	Total	Trading	Hedge	Total
Interest related						
Future	(Won) 365,513	(Won)	(Won) 365,513	(Won) 732,431	(Won)	(Won) 732,431
Option	310,700		310,700			
Swap	15,840,496	1,110,120	16,950,616	4,639,382	358,118	4,997,500
	16,516,709	1,110,120	17,626,829	5,371,813	358,118	5,729,931
Currency related						
Forward	13,186,383		13,186,383	8,447,210		8,447,210
Future	739,386		739,386	620,019		620,019
Option bought	48,616		48,616	2,652		2,652
Option sold	127,863		127,863	5,304		5,304
Swap	3,141,672		3,141,672	2,544,218		2,544,218
	17,243,920		17,243,920	11,619,403		11,619,403
Stock related						
Option bought	138,343		138,343			
Option sold	100,000		100,000	6,316		6,316
	238,343		238,343	6,316		6,316

Credit related						
Credit				39,783		39,783
				39,783		39,783
	(Won) 33,998,972	(Won) 1,110,120	(Won) 35,109,092	(Won) 17,037,315	(Won) 358,118	(Won) 17,395,433

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

	2002	2001
Gain on derivatives		
Gain on derivatives transactions	(Won) 1,776,807	(Won) 2,136,038
Gain on valuation of derivatives	601,786	164,625
Gain on fair value hedged items		14,077
	(Won) 2,378,593	(Won) 2,314,740
Loss on derivatives		
Loss on derivatives transactions	(Won) 1,625,534	(Won) 2,103,513
Loss on valuation of derivatives	558,438	231,844
Loss on fair value hedged items	9,213	1,540
	(Won) 2,193,185	(Won) 2,336,897

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

17. Derivatives, Continued;

Derivative valuation as of December 31, 2002 is as follows (in millions of Won):

	Valuation Gains (P/L)			Valuation Losses (P/L)			Fair Value (B/S)		
	Trading	Hedge	Total	Trading	Hedge	Total	Asset	Liability	Capital Adjustment
Interest related									
Option	(Won) 191	(Won)	(Won) 191	(Won) 176	(Won)	(Won) 176	(Won) 375	(Won) 334	(Won)
Swap	135,541	9,213	144,754	233,468		233,468	148,064	244,212	1,837
	135,732	9,213	144,945	233,644		233,644	148,439	244,546	1,837
Currency related									
Forward	229,907		229,907	209,394		209,394	229,446	198,334	
Option bought	1,404		1,404				1,023		
Option sold				732		732		872	
Swap	223,171		223,171	112,319		112,319	282,226	78,456	
	454,482		454,482	322,445		322,445	512,695	277,662	
Stock related									
Option bought	2,359		2,359				6,915		
Option sold				2,349		2,349		4,679	
	2,359		2,359	2,349		2,349	6,915	4,679	
	(Won) 592,573	(Won) 9,213	(Won) 601,786	(Won) 558,438	(Won)	(Won) 558,438	(Won) 668,049	(Won) 526,887	(Won) 1,837[1*]

1* The amount of capital adjustment includes (Won)490 million of minority interest portion of unrealized gains on derivatives.

18. Commitments and Contingencies:

As of December 31, 2002, 149 pending legal actions with an aggregate amount of claims of (Won)257,438 million are charged against the Consolidated Company and the Consolidated Company has also filed 192 lawsuits against various parties, which are still pending with an aggregate amount of claims of (Won)140,647 million. Management believes that the actions related to the Consolidated Company are without merit and that the ultimate liability, if any, will not materially affect the Bank s financial position.

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

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

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

18. Commitments and Contingencies, Continued;

Pursuant to the asset securitization plans, the Bank previously sold loans to special purpose entities in previous periods. The related contracts for asset securitization stipulate the Bank s performance of warranty liability for loans sold to Kookmin 6-ABS Specialty Co., Ltd. and Jooeun 5th-ABS Specialty Co., Ltd. (collectively, the SPEs) when the underlying loans are delinquent for a certain period of time or go into default. Accordingly, the Bank bears possible liabilities for collateral performance toward the SPEs within the limits of (Won)72,000 million and (Won)66,500 million, respectively, as of December 31, 2002. Kookmin Credit Card Co., Ltd., a subsidiary of the Bank sold some assets to ABS Specialty Co., Ltd and other special purpose entities. in accordance with the relevant law and the Loan Sale Contract, and the balances which have not matured as of December 31, 2002 amounted to (Won)7,710,322 million. No adjustments have been made in the accompanying financial statements related to contingent losses that may arise from these transactions.

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

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

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

As of December 31, 2002 and 2001, the Bank holds the unexpired rights to claim from borrowers or guarantors for loans in accordance with the relevant law, which has already been written off, amounting to (Won)3,750,402 million and (Won)2,490,069 million, respectively, and that of Koomin Credit Card Co., Ltd., a subsidiary of the Bank amounted to (Won)1,016,772 million and (Won)328,007 million, respectively.

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

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

Certain financially troubled borrowers of the Consolidated Company including Korea Data System Co., Ltd. are experiencing a cash crisis or in the debt restructuring process under workout plans and other similar programs. As of December 31, 2002, in relation to such borrowers, total loans outstanding including guarantees and acceptances amounted to (Won)668,219 million, and the related allowances and present value discount amounted to (Won)184,641 million and (Won)5,075 million, respectively.

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

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

19. Capital Stock:

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

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

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

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

The Bank is authorized to issue to non-shareholders convertible bonds and bonds with stock purchase warrants up to total par value amounts of (Won)2,500 billion and (Won)500 billion, respectively. On November 25, 2002, Goldman Sachs Capital Koryo, L.P. converted $200 million of its subordinated foreign currency convertible bonds, equivalent to (Won)265,220 million, all of which had been outstanding as of December 31, 2001, into 10,581,269 shares of common stock at (Won)22,124 per share. As a result the Bank recorded (Won)180,919 million, net of stock issuance costs of (Won)275 million, as paid-in capital in excess of par value in capital surplus (See Notes 12 and 20).

20. Capital Surplus:

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

	2002	2001
Paid-in capital in excess of par value	(Won) 5,287,708	(Won) 5,107,251

Gain on business combination	397,669	397,669
Revaluation increment	177,229	177,229
Others	105,795	62,853
	(Won) 5,968,401	(Won) 5,745,002

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

	Beginning Balance	Increase[1*]	Decrease[2*]	Ending Balance
Paid-in capital in excess of par	(Won) 5,107,251	(Won) 181,194	(Won) 737	(Won) 5,287,708
Gain on business combination[3*]	397,669			397,669
Revaluation increment	177,229			177,229
Others[4*]	62,853	43,235	293	105,795
	(Won) 5,745,002	(Won) 224,429	(Won) 1,030	(Won) 5,968,401

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

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

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

4* The increase of other capital surplus is due to the change of consolidation scope and disposal of treasury stock, and the amounts are (Won)42,904 million and (Won)331 million, respectively, and the decrease is due to the additional acquisition of the KB Credit Information Co., Ltd. stocks.

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

21. Retained Earnings:

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

	2002	2001
Legal reserves	(Won) 545,740	(Won) 413,740
Reserves for business rationalization	40,760	40,760
Special reserves	1,827,700	960,700
Other reserves	2,492	7,158
Unappropriated retained earnings	45,543	96,706
	(Won) 2,462,235	(Won) 1,519,064

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

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

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

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

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

The movements in loss in excess of minority interest are as follows (in millions of Won):

Subsidiaries	Beginning Balance	Increase	Decrease	Ending Balance
Kookmin Leasing Co., Ltd.[1*]	(Won) 3,358	(Won)	(Won) 3,358	(Won)
Jooeun Industrial Co., Ltd.[1*]	1		1	
	(Won) 3,359	(Won)	(Won) 3,359	(Won)

1* The decrease in this fiscal year is caused by excluding Kookmin Leasiong Co., Ltd. and Jooeun Industrial Co., Ltd. from the scope of consolidation.

22. Capital Adjustments:

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

	2002	2001
Treasury stock	(Won) (148,973)	(Won) (1,363)
Unissued stock dividends		89,900
Unrealized gain on investment securities	178,046	90,716
Employee stock options (See Note 14)	397	26,021
Unrealized gain on derivatives (See Note 17)	1,347	
	(Won) 30,817	(Won) 205,274

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

22. Capital Adjustments, Continued

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

	Beginning Balance	Increase	Decrease	Ending Balance
Treasury stock	(Won) (1,363)	(Won) (149,704)	(Won) (2,094)	(Won) (148,973)
Unissued stock dividends	89,900		89,900	
Unrealized gain on investment securities	90,716	205,557	118,227	178,046
Employee stock options (See Note 14)	26,021	397	26,021	397
Unrealized gain on derivatives (See Note 17)		1,347		1,347
	(Won) 205,274	(Won) 57,597	(Won) 232,054	(Won) 30,817

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

23. Minority Interest:

The changes in minority interests for the year ended December 31, 2002 are as follows (in millions of Won):

Subsidiaries	Beginning Balance	Minority Interest Gains (Losses)	Increase	Decrease	Ending Balance
Kookmin Credit Card Co., Ltd.	(Won) 281,761	(Won) (67,128)	(Won) 26,403	(Won) 4,608	(Won) 236,428
Kookmin Investment Co., Ltd.	3,030	(2,369)	34	612	83
Kookmin Data System Corp.	3	1			4
Kookmin Futures Co., Ltd.	5				5
Kookmin Bank Investment Trust Mgt. Co., Ltd. [1*]	5,023			5,023	
Alpha Capita Co., Ltd. [1*]	3,772			3,772	
KB Real Estate Trust Co., Ltd.	10,472	3,296		2,300	11,468

KB Credit Information Co., Ltd.	5,063	940		1,636	4,367
	(Won) 309,129	(Won) (65,260)	(Won) 26,437	(Won) 17,951	(Won) 252,355

1* The decrease is due to the change in the scope of consolidation.

24. Other Non-interest Income (Expenses):

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

	2002	2001
Other non-interest income:		
Realized gain on trading securities	(Won) 155,802	(Won) 196,916
Unrealized gain on trading securities	118,486	13,325
Gain on trust management	259,324	215,618
Reversal of allowance for losses on acceptances and guarantees	37,436	8,790
Others	26,600	11,242
	(Won) 597,648	(Won) 445,891

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

24. Other Non-interest Income (Expenses), Continued;

	2002	2001
Other non-interest expenses:		
Realized loss on trading securities	(Won) 61,262	(Won) 147,566
Unrealized loss on trading securities		27,755
Contributions to special funds	150,780	88,027
Others	211,973	104,705
	(Won) 424,015	(Won) 368,053

25. General and Administrative Expenses:

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

	2002	2001
Salaries and wages	(Won) 1,242,815	(Won) 625,156
Retirement benefits (Note 13)	114,023	124,853
Other employee benefits	290,932	385,376
Rent	62,692	27,516
Depreciation	365,073	183,492
Amortization	80,398	13,967
Taxes and dues	121,511	74,407
Advertising	174,566	73,676
Ordinary R&D	110,091	40,312
Fees and commissions	117,744	55,651
Others	297,630	160,444
	(Won) 2,977,475	(Won) 1,764,850

26. Non-Operating Income (Expenses):

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

	2002	2001
Non-operating income:		
Gain on disposal of fixed assets	(Won) 1,968	(Won) 2,694
Rent income	3,337	3,025
Gain on investment in associates (Note 5)		3,185
Realized gain on investment securities	392,980	137,513
Reversal of impairment loss on equity investment securities	15,318	617
Reversal of impairment loss on debt investment securities	12,380	7,663
Unrealized gain on investment in funds	2,022	85,519
Gain on sale of troubled loans	16,627	1,650
Others	319,290	90,299
	(Won) 763,922	(Won) 332,165

Continued;

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

26. Non-Operating Income (Expenses), Continued;

	2002	2001
Non-operating expenses:		
Loss on disposal of fixed assets	(Won) 8,369	(Won) 20,269
Loss on investment in associates (Note 5)	17,484	
Realized loss on investment securities	204,754	48,283
Impairment loss on equity investment securities (Note 5)	297,883	14,181
Impairment loss on debt investment securities (Note 5)	78,512	111,764
Loss on sale of troubled loans	114,271	163,955
Retirement benefits	48,775	38,925
Others	131,651	114,627
	901,699	512,004
Net amount	(Won) (137,777)	(Won) (179,839)

27. Income Tax Expenses:

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

	2002	2001
Income taxes payable	(Won) 630,187	(Won) 437,006
Deferred income taxes from temporary differences	(44,833)	93,979
Deferred income taxes from loss carry-forwards[1*]	28,929	
	614,283	530,985
Retained earnings adjustments	(1,899)	29,415
Income tax expenses	(Won) 612,384	(Won) 560,400

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

For the years ended December 31, 2002 and 2001, the legal tax rates of the consolidated company are 29.7% and 30.8%, respectively. However, the effective tax rates for income before income tax expenses are 33.68% and 36.92%, respectively, due to tax adjustments during the same periods.

	2002	2001
Income before income tax expenses	(Won) 1,818,432	(Won) 1,517,832
Income taxes calculated by legal tax rates	(Won) 540,074	(Won) 467,492
Income taxes effects of		
Expenses not deductible for tax purposes	43,443	11,621
Income not assessable for tax purposes	(33,165)	(19,337)
Losses incurred by subsidiaries, not transferable to the parent company	62,032	100,624
Income tax expenses	(Won) 612,384	(Won) 560,400

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

	2002		2001	
	Temporary Difference	Income Tax Effect	Temporary Difference	Income Tax Effect
Loans converted to equity securities	(Won)	(Won)	(Won) 90,948	(Won) 27,012
Unrealized gains (losses) on investment in associates	(6,489)	(1,927)	8,093	2,403
Others	94	28		
	(Won) (6,395)	(Won) (1,899)	(Won) 99,041	(Won) 29,415

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

27. Income Tax Expenses, Continued;

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

	Beginning Balance	Increase	Decrease	Ending Balance	Deferred Tax Assets (Liabilities)
Allowance for loan losses	(Won) 706,316	(Won) 328,491	(Won) 701,272	(Won) 333,535	(Won) 97,776
Accrued interest	(491,721)	(421,749)	(491,721)	(421,749)	(125,216)
Unrealized loss on securities	48,084	280,887	(360,351)	689,322	193,602
Unrealized loss on derivatives	32,011	(99,269)	32,950	(100,208)	(29,761)
Present value discounts	95,828	20,145	87,972	28,001	8,316
Allowance for losses on guarantees and acceptances	43,823	17	41,536	2,304	684
Accrued retirement benefits	3,104	28,245	30,160	1,189	328
Reserve for overseas investment losses	(10,104)	1,125	(6,664)	(2,315)	(382)
Depreciation	(1,423)	1,324	504	(603)	(180)
Stock option compensation cost	26,021	10,116	26,021	10,116	3,004
Others	43,090	78,866	15,565	106,391	39,841
	(Won) 495,029	(Won) 228,198	(Won) 77,244	(Won) 645,983	(Won) 188,012

28. Earnings Per Share:

Earnings per share (EPS) and ordinary income per share for the years ended December 31, 2002 and 2001 are calculated as follows. (in millions of Won):

	2002	2001
Net income (in millions of Won)	(Won) 1,271,308	(Won) 836,875
Weighted average number of common shares outstanding	317,786,872	199,825,909
Earnings per share (in Won)	(Won) 4,001	(Won) 4,188

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

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

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

The employee stock options are not potential common shares since these are expected to be settled in cash. As of December 31, 2002, there are no potential common shares.

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

29. Related Party Transactions:

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

Account	Beginning Balance	Increase	Decrease	Ending Balance	Transactions Relating to P/L
Kookmin Credit Card Co., Ltd.					
Loans	(Won) 122,526	(Won) 289,800	(Won) 1,743	(Won) 410,583	(Won) 17,150
Other assets	1,907	876		2,783	9,528
Deposits	4,687	7,369		12,056	(131)
Borrowings					(1,355)
Other liabilities	18,334	97,271	1,426	114,179	(12,388)
Commissions income					153,271
Commissions expenses					(220)
Kookmin Venture Capital Co., Ltd.					
Loans	96,000		96,000		4,115
Deposits	29,811		13,669	16,142	(1,025)
Kookmin Data System Co., Ltd.					
Deposits	3,676	3,227		6,903	(187)
Other liabilities	879			879	
Kookmin Futures Co., Ltd.					
Due from banks	2,092		1,713	379	5
Deposits	10,646	8,214		18,860	(567)
Other liabilities	620			620	
Kookmin Bank Luxembourg S.A.					
Due from banks		48,337		48,337	148
Loans	218,807	77,168	156,273	139,702	4,789
Other assets		815		815	3,131
Borrowings		24,008		24,008	(80)
Other liabilities	10,058	1,174	155	11,077	(922)
Kookmin Bank International (London) Ltd.					
Due from banks		24,490		24,490	70
Loans	146,911	40,408	1,257	186,062	3,576
Other assets					359
Borrowings	7,670	72,757		80,427	(308)
Other liabilities	1,932	11,313		13,245	(2,691)
Kookmin Finance H.K. Ltd.					
Due from banks	2,030	4,288		6,318	22
Loans	182,052	1,200	7,402	175,850	4,721
Borrowings					(161)
Finance debentures	6,463		6,463		(232)
Other liabilities		5,424		5,424	
Kookmin Investment Trust Mgt. Co., Ltd.					

Deposits	25,326		23,978	1,348	(802)
KB Real Estate Trust Co., Ltd.					
Loans	40,000		10,000	30,000	3,005
Deposits	241	104,513		104,754	(4)
Guarantee deposits received	1,797		15	1,782	
Guarantees and acceptances	53		53		
KB Credit Information Co., Ltd.					
Deposits	7,838	1,658		9,496	(444)
Guarantee deposits received	1,566	1,225		2,791	176
Accounts payable	1,584	1,013		2,597	
Commissions expenses					(26,894)

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

30. Transactions with Financial Institutions:

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

Accounts	Description	The Bank of Korea	Other Banks	Other Financial Institutions	Total
Cash and due from banks	Due from banks in Won	(Won) 1,340,482	(Won) 99,849	(Won) 248,664	(Won) 1,688,995
	Due from banks in foreign currencies	25,677	512,158	5,064	542,899
		1,366,159	612,007	253,728	2,231,894
Loans	Loans in Won		20,941	599,290	620,231
	Loans in foreign currencies		741,872		741,872
	Call loans		318,628		318,628
	Others			39,900	39,900
			1,081,441	639,190	1,720,631
Deposits	Deposits in Won		1,035,285	2,485,307	3,520,592
	Deposits in foreign currencies		66,003		66,003
			1,101,288	2,485,307	3,586,595
Borrowings	Borrowings in Won	671,854	2,460,871	3,381,211	6,513,936
	Borrowings in foreign currencies		2,548,737	592,014	3,140,751
	Others	37,493		305,966	343,459
		709,347	5,009,608	4,279,191	9,998,146
Debentures	Debentures in Won		336,500	334,900	671,400
	Debentures in foreign currencies		793,211		793,211
			1,129,711	334,900	1,464,611

31. Interest Bearing Assets and Liabilities:

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

Interest Bearing Assets	Average Balance	Interest Income	Average Yield (%)
Due from banks	(Won) 1,573,864	(Won) 56,412	3.58%
Trading securities	5,893,935	369,631	6.27%
Investment securities	19,344,213	2,059,765	10.65%
Loans	128,335,229	10,472,306	8.16%
	(Won) 155,147,241	(Won) 12,958,114	

Interest Bearing Liabilities	Average Balance	Interest Expenses	Average Yield (%)
Deposits	(Won) 124,107,684	(Won) 4,982,936	4.02%
Borrowings	15,528,108	735,982	4.74%
Debentures	17,591,021	1,236,299	7.03%
	(Won) 157,226,813	(Won) 6,955,217	

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

32. Business Combination with H&CB:

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

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

33. Statement of Cash Flows:

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

	2002	2001
Cash on hand	(Won) 2,393,118	(Won) 2,553,714
Cash in foreign currencies	186,780	147,314
Due from banks in Won	1,688,995	4,840,695
Due from banks in foreign currencies	542,899	329,591
	4,811,792	7,871,314
Restricted deposits	1,604,544	4,401,794
	(Won) 3,207,248	(Won) 3,469,520

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

	2002	2001
Unrealized gains or losses on investment securities in consolidated capital adjustments	(Won) 87,330	(Won) (67,294)
Loan restructuring	122,043	183,432
Write-off of loans	1,528,327	1,092,672
Sale of non-performing loans	58,750	366,868
Conversion of convertible bonds	234,100	31,864
Extinguishments of preferred stock		200,000
Retained earnings appropriation for dividends	325,234	119,867
Issuance of stock dividends	89,900	
Conversion of loans to equity securities	109,931	
Transfer of assets, liabilities and equity due to the business combination with H&CB		66,392,324

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

34. Assets and Liabilities Denominated in Foreign Currencies:

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

	Total Balances		Major Denomination Currencies[1*]		
	Millions of Won	Thousands of US Dollars	Thousands of US Dollars	Thousands of EC Euro	Thousands of Japanese Yen
Assets					
Cash	(Won) 186,780	$ 155,598	$ 63,914	15,676	¥ 7,450,032
Due from banks	542,899	452,265	404,009	6,769	6,062,988
Trading securities	11,842	9,865	9,865		
Investment securities	1,269,839	1,057,847	907,910	7,045	4,789,879
Loans	4,259,199	3,548,150	2,308,773	87,613	65,532,564
Bills bought	756,300	630,040	588,877	25,336	840,286
Advances for customers	2,223	1,852	1,852		
Call loans	195,741	163,063	154,700	4,000	50,000
Liabilities					
Deposits	1,212,004	1,009,666	900,160	12,346	17,863,339
Borrowings	3,140,751	2,616,420	2,134,304	94,893	46,007,284
Due to Bank of Korea	37,493	31,234	31,234		
Call money	76,666	63,867	41,500		5,679,100
Debentures	891,161	742,387	495,962		
Unsettled foreign payables	(Won) 20,895	$ 17,406	$ 12,772	939	¥ 138,208

1* 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.

35. Values Added Calculation:

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

	2002	2001
Salaries and wages	(Won) 1,242,815	(Won) 625,156

Retirement benefits	114,023	124,853
Other employee benefits	290,932	385,376
Rent	62,692	27,516
Depreciation	365,073	183,492
Amortization	80,398	13,967
Taxes and dues	121,511	74,407
	(Won) 2,277,444	(Won) 1,434,767

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

36. Business Segments:

The following tables show the distribution of the Consolidated Company s operations by business segment as of December 31, 2002 (in millions of Won):

	Financing and Insurance	Non-financing & Insurance	Adjustments for consolidation	Total
Cash and due from Banks	(Won) 4,979,428	(Won) 13,518	(Won) (202,310)	(Won) 4,790,636
Trading securities	9,333,854		(60,409)	9,273,445
Investment securities	28,635,431	5	(1,046,575)	27,588,861
Loans	137,130,579	873	(1,704,791)	135,426,661
Fixed assets	3,360,847	379	(1,068)	3,360,158
Other assets	7,020,162	3,515	(337,164)	6,686,513
Total Assets	(Won) 190,460,301	(Won) 18,290	(Won) (3,352,317)	(Won) 187,126,274
Deposits	(Won) 127,165,548	(Won)	(Won) (274,588)	(Won) 126,890,960
Borrowings	17,204,165		(1,731,071)	15,473,094
Debentures	23,483,306		(32,960)	23,450,346
Other liabilities	11,221,922	3,871	(269,020)	10,956,773
Total Liabilities	179,074,941	3,871	(2,307,639)	176,771,173
Capital stock	2,281,164	8,000	(647,871)	1,641,293
Consolidated capital surplus	6,030,400		(61,999)	5,968,401
Consolidated retained earnings	2,949,621	6,419	(493,805)	2,462,235
Consolidated capital adjustments	124,175		(93,358)	30,817
Minority interest			252,355	252,355
Total Shareholder s Equity	11,385,360	14,419	(1,044,678)	10,355,101
Total Liabilities and Shareholders Equity	(Won) 190,460,301	(Won) 18,290	(Won) (3,352,317)	(Won) 187,126,274
Operating revenue	(Won) 19,670,746	(Won) 43,935	(Won) (851,084)	(Won) 18,863,597
Interest revenue	13,176,242	645	(88,450)	13,088,437
Fees & commissions	2,750,723	43,290	(222,735)	2,571,278
Other revenue	3,743,781		(539,899)	3,203,882
Operating expenses	17,683,455	41,096	(817,163)	16,907,388
Interest expenses	7,074,256		(66,301)	7,007,955

Fees & commissions	1,026,672	28,325	(192,490)	862,507
Other expenses	6,589,581	10	(530,140)	6,059,451
General and administration	2,992,946	12,761	(28,232)	2,977,475
Operating income	1,987,291	2,839	(33,921)	1,956,209
Non-operating income	761,851	8	2,063	763,922
Non-operating expenses	1,083,293	164	(181,758)	901,699
Ordinary income	1,665,849	2,683	149,900	1,818,432
Extraordinary gain				
Extraordinary loss				
Income before income tax	1,665,849	2,683	149,900	1,818,432
Income tax expenses	598,429	674	13,281	612,384
Net income before consolidation adjustment	1,067,420	2,009	136,619	1,206,048
Minority interest in earnings of consolidated subsidiaries			65,260	65,260
Consolidated net income	(Won) 1,067,420	(Won) 2,009	(Won) 201,879	(Won) 1,271,308

Continued;

KOOKMIN BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

36. Business Segments, Continued;

The following table shows the distribution of the Consolidated Company s operations by industry (in millions of Won):

	Banking	Credit card	Others	Adjustments for Consolidation	Total
Operating revenue	(Won) 15,584,501	(Won) 3,134,577	(Won) 995,603	(Won) (851,084)	(Won) 18,863,597
(Inter-company transaction)	(326,010)	(1,950)	(523,124)	851,084	
	15,258,491	3,132,627	472,479		18,863,597
Operating Income	2,265,765	(337,331)	61,696	(33,921)	1,956,209
Cash and due from banks	4,599,356	103,505	290,085	(202,310)	4,790,636
Securities	30,940,750	3,112,127	3,916,412	(1,106,983)	36,862,306
Loans	126,730,561	9,256,060	1,144,831	(1,704,790)	135,426,662
Fixed assets	3,092,616	260,600	8,010	(1,069)	3,360,157
Other assets	6,135,558	649,077	239,043	(337,165)	6,686,513
Total assets	(Won) 171,498,841	(Won) 13,381,369	(Won) 5,598,381	(Won) (3,352,317)	(Won) 187,126,274

The following table shows the distribution of the Consolidated Company s operations by geographical market (in millions of Won):

	Domestic	Overseas	Adjustments for consolidation	Total
Operating revenue	(Won) 19,596,963	(Won) 117,718	(Won) (851,084)	(Won) 18,863,597
(Inter-company transactions)	(848,575)	(2,509)	851,084	
	18,748,388	115,209		18,863,597
Operating Income	1,949,839	40,291	(33,921)	1,956,209
Cash and due from banks	4,757,340	235,606	(202,310)	4,790,636
Securities	37,719,432	249,857	(1,106,983)	36,862,306
Loans	135,767,735	1,363,717	(1,704,790)	135,426,662
Fixed assets	3,357,608	3,618	(1,069)	3,360,157

Other assets	7,009,049	14,629	(337,165)	6,686,513
Total assets	(Won) 188,611,164	(Won) 1,867,427	(Won) (3,352,317)	(Won) 187,126,274

37. Reclassification of prior year financial statement presentation :

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