

KOOKMIN BANK
Form 6-K
November 15, 2004
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

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

For the month of November 2004

Kookmin Bank

(Translation of registrant's name into English)

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

(Address of principal executive office)

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

Form 20-F Form 40-F

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

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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

Table of Contents

Summary of 3rd Quarter Business Report

TABLE OF CONTENTS

<u>Summary of 3rd Quarter Business Report</u>	4
1. <u>Introduction to the Bank</u>	5
1.1. <u>Business Purposes</u>	5
1.2. <u>History</u>	5
1.3. <u>Capital Structure</u>	6
1.4. <u>Employee Stock Ownership Association</u>	10
1.5. <u>Dividend</u>	10
2. <u>Business</u>	11
2.1. <u>Sources and Uses of Fund</u>	11
2.2. <u>Principal Banking Activities</u>	13
2.3. <u>Branch Networks</u>	17
2.4. <u>Other Information for Investment Decision</u>	18
3. <u>Financial Information</u>	20
3.1. <u>Non-Consolidated Condensed Financial Statements</u>	20
3.2. <u>Other Financial Information</u>	20
4. <u>Independent Accountant Fees and Services</u>	21
4.1. <u>Audit & Review Fees</u>	21
4.2. <u>Non-Audit Services</u>	21
5. <u>Corporate Governance and Affiliated Companies</u>	22
5.1. <u>Board of Directors & Committees under the Board</u>	22
5.2. <u>Audit Committee</u>	22
5.3. <u>Compensation to Directors</u>	23
5.4. <u>Voting Rights of Shareholders</u>	23
5.5. <u>Share Ownership</u>	23
5.6. <u>Affiliated Companies</u>	24
6. <u>Directors, Senior Management and Employees</u>	25
6.1. <u>Executive Directors</u>	25
6.2. <u>Non-Executive Directors</u>	25
6.3. <u>Senior Management</u>	26
6.4. <u>Compensation to Directors and Senior Management</u>	26

Table of Contents

7. <u>Related Party Transactions</u>	27
7.1. <u>Transactions with the Largest Shareholders or Affiliates</u>	27
7.2. <u>Transactions with Other than the Largest Shareholders or Affiliates</u>	28
Exhibit 99.1_ Kookmin Bank Non-Consolidated Interim Financial Statements September 30, 2004 and 2003.	

Table of Contents

Summary of 3rd Quarter Business Report

On November 15, 2004, Kookmin Bank filed its business report for the third quarter of 2004 (the Business Report) with the Financial Supervisory Commission of Korea pursuant to the Securities and Exchange Act of Korea. This is the summary of the Business Report translated into English.

All references to Kookmin Bank mean Kookmin Bank on a non-consolidated basis, and all references to we , us or the Bank mean Kookmin Bank and, as the context may require, its subsidiaries. In addition, all references to Won or W in this document are to the currency of the Republic of Korea.

Table of Contents

1. Introduction to the Bank

1.1. Business Purposes

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

The banking business as prescribed by the Bank Act,

The trust business as prescribed by the Banking Trust Act,

The credit card business as prescribed by the Non-Banking Financing Act, and

Other businesses permitted by the Bank Act or other relevant Korea laws and regulations

1.2. History

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

November 9, 2001 Listed on the Korea Stock Exchange

September 23, 2002 Integrated two brand operations onto a single information technology platform

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

May 30, 2003 Entered into a merger agreement with Kookmin Credit Card, one of our major subsidiaries, and officially submitted Merger Statement to Financial Supervisory Service

September 30, 2003 Completed small-scale merger with Kookmin Credit Card

December 16, 2003 Completed strategic investment in Bank Internasional Indonesia (BII) through the Consortium of Sorak Financial Holdings, of which we hold 25% stake

December 19, 2003 Fully privatized through the entire disposition of Korean government's stake in Kookmin Bank

April 29, 2004 Established a subsidiary, KB Life Co. Ltd., to engage in insurance business

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

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

Upon the resolution of shareholders' meeting held on March 22, 2002, Kookmin Bank issued additional 17,979,954 common shares in connection with stock dividend of 6 percent.

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

With regard to the merger between Kookmin Bank and Kookmin Credit Card on September 30, 2003, Kookmin Bank issued additional 8,120,431 shares on October 1, 2003. Accordingly, as of September 30, 2004, total 336,379,116 shares were issued with 1,681,896 million Won of paid-in capital.

1.3.2. Treasury Stock

The following table shows the acquisition and disposition of our treasury stock as of September 30, 2004.

(Unit: in thousands of Won unless otherwise indicated)

Date	Transaction	Number of share	Acquisition/ Disposition amount	Average cost per one share (Won)
November 15, 2001	Acquisition of fractional shares in the course of the merger	41,548	1,794,885	43,200
December 24, 2001	Disposition due to exercise of stock option by a grantee	10,000	432,003	43,200
April 3, 2002	Acquisition of fractional shares due to stock dividend	36,089	2,071,557	57,400
May 14, 2002	Disposition pursuant to the Bank Act of Korea	31,548	1,601,944	50,788
July 30 ~ October 23, 2002	Acquisition pursuant to the Securities and Exchange Act of Korea	3,000,000	147,632,489	49,210
December 24, 2002	Disposition due to exercise of stock option by a grantee	10,000	492,294	49,229
January 15, 2003	Disposition due to exercise of stock option by a grantee	10,000	492,294	49,229
September 4 ~ 9, 2003	Acquisition pursuant to the Securities and Exchange Act of Korea	650,000	29,094,064	44,760

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October 16, 2003	Acquisition of fractional shares due to the Merger with Kookmin Credit Card	5,095	214,254	42,050
4 th quarter, 2003	Disposition due to exercise of stock option by grantees	78,322	3,792,977	48,428
December 17, 2003	Acquisition from the sale of Korean government shares of the Bank	27,423,761	1,198,568,158	43,700
December 26, 2003	Disposition due to contribution to ESOP account	1,000,000	44,252,000	44,252
1 st quarter, 2004	Disposition due to exercise of stock option by grantees	30,855	1,365,396	44,252
2 nd quarter, 2004	Disposition due to exercise of stock option by grantees	55,593	2,460,101	44,252
3 rd quarter, 2004	Disposition due to exercise of stock option by grantees	592	26,197	44,252
Total	-	29,929,583	1,324,460,201	

Table of Contents**1.3.3. Stock Option**

The following table is the breakdown of stock options Kookmin Bank has granted to the directors and employees as of September 30, 2004.

(Units: in Won, shares)

Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
31-Oct-98	Jung Tae Kim	Chairman, President & CEO	01-Nov-01	31-Oct-04	5,000	400,000	390,000	10,000
27-Feb-99	Choul Ju Lee	Auditor & Executive Director	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Seung Dong Kim	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,054	20,054	0
27-Feb-99	Young Jo Joo	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Seok II Cho	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,054	20,054	0
27-Feb-99	Hong Shik Chung	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,000	20,000	0
27-Feb-99	Bong Hwan Cho	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Sun Joo Kim	Executive Vice President	28-Feb-02	27-Feb-05	13,900	10,000	10,000	0
27-Feb-99	Je Hyung Jo	Executive Vice President	28-Feb-02	27-Feb-05	13,900	30,000	30,000	0
27-Feb-99	Ho Gi Baek	Executive Vice President	28-Feb-02	27-Feb-05	13,900	20,000	20,000	0
27-Feb-99	Bruce G. Willison	Non Executive Director	28-Feb-02	27-Feb-05	13,900	10,000	10,000	0
28-Feb-00	Jan Op de Beeck	Director&Executive Vice President	01-Mar-03	28-Feb-06	27,600	22,490	0	22,490
28-Feb-00	Sung Chul Kim	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Woo Jung Lee	Executive Vice President	01-Mar-03	28-Feb-06	27,600	30,000	0	30,000
28-Feb-00	Kuk Ju Kwon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Sun Jin Kim	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	1,100	5,900
28-Feb-00	Joon Park	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Moon Soul Chung	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Ju Hyun Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	4,800	0
28-Feb-00	Heung Hoon Chang	Non Executive Director	01-Mar-03	28-Feb-06	27,600	2,486	0	2,486
28-Feb-00	In Joon Kang	Non Executive Director	01-Mar-03	28-Feb-06	27,600	2,486	0	2,486
28-Feb-00	Sung Hee Jwa	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,800	0	4,800
28-Feb-00	Seung Woo Nam	Non Executive Director	01-Mar-03	28-Feb-06	27,600	1,928	0	1,928
28-Feb-00	Woon Youl Choi	Non Executive Director	01-Mar-03	28-Feb-06	27,600	4,909	4,909	0
28-Feb-00	Kyung Hee Yoon	Non Executive Director	01-Mar-03	28-Feb-06	27,600	7,000	0	7,000
28-Feb-00	Sung Cheon Hong & 9 others	Employees	01-Mar-03	28-Feb-06	27,600	67,283	24,154	43,129
24-Mar-01	Young II Kim	Executive Vice President	25-Mar-04	24-Mar-07	25,100	30,000	0	30,000
24-Mar-01	Jong In Park	Executive Vice President	25-Mar-04	24-Mar-07	25,100	19,333	0	19,333
24-Mar-01	Won Bae Yoon	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318
24-Mar-01	Jae Kyu Lee	Non Executive Director	25-Mar-04	24-Mar-07	25,100	2,318	0	2,318
24-Mar-01	Chul Soo Ahn	Non Executive Director	25-Mar-04	24-Mar-07	25,100	1,916	0	1,916
24-Mar-01	Jae Han Kim & 2 others	Employees	25-Mar-04	24-Mar-07	25,100	16,491	10,216	6,275
18-Mar-00	Sang Hoon Kim	Chairman & CEO	19-Mar-03	18-Mar-05	23,469	41,460	1,300	40,160
18-Mar-00	Jong Min Lee	Auditor & Executive Director	19-Mar-03	18-Mar-05	23,469	14,807	14,807	0
18-Mar-00	Se Jong Oh	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	In Kie Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961

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18-Mar-00	Ji Hong Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	2,961	0
18-Mar-00	Jin Ho Hwang	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Hyung Jin Chang	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	2,961	0
18-Mar-00	Ik Rae Kim	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	2,961	0
18-Mar-00	Bong Ho Paick	Non Executive Director	19-Mar-03	18-Mar-05	23,469	2,961	0	2,961
18-Mar-00	Bock Woan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	11,845	0

* Some numbers of the granted options have been adjusted due to the merger and the early retirement of the grantees.

Table of Contents

Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options*	Number of exercised options	Number of exercisable options
			From	To				
18-Mar-00	Yoo Hwan Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	5,845	6,000
18-Mar-00	Duk Hyun Kim	Executive Vice President	19-Mar-03	18-Mar-05	23,469	11,845	0	11,845
15-Mar-01	Sang Hoon Kim	Chairman & CEO	16-Mar-04	15-Mar-09	28,027	29,614	0	29,614
15-Mar-01	Jong Min Lee	Auditor & Executive Director	16-Mar-04	15-Mar-09	28,027	14,807	0	14,807
15-Mar-01	In Kie Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Hyung Jin Chang	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	2,961	0
15-Mar-01	Ji Hong Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Bong Ho Paick	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Ik Rae Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Seung Heon Han	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Young Seok Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	1,870	0	1,870
15-Mar-01	Se Woong Lee	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Chang Ki Min	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	2,961	0
15-Mar-01	Bock Woan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Yoo Hwan Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Duk Hyun Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Yoon Ok Hyun	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Tai Gon Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	4,845	7,000
15-Mar-01	Byung Sang Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Byung Jin Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	0	11,845
15-Mar-01	Ji Han Koo & 46 others	Employees	16-Mar-04	15-Mar-09	28,027	47,381	9,697	37,684
16-Nov-01	Jung Tae Kim	President & CEO	17-Nov-04	16-Nov-09		500,000	0	500,000
16-Nov-01	Sang Hoon Kim	Chairman	17-Nov-04	16-Nov-09	A ¹	150,000	0	150,000
22-Mar-02	Choul Ju Lee	Auditor & Executive Director	23-Mar-05	22-Mar-10		9,963	0	9,963
22-Mar-02	Henry Cornell	Non Executive Director	23-Mar-05	22-Mar-10		3,321	0	3,321
22-Mar-02	Keun Shik Oh	Non Executive Director	23-Mar-05	22-Mar-10		3,321	0	3,321
22-Mar-02	Dong Soo Chung	Non Executive Director	23-Mar-05	22-Mar-10		10,000	0	10,000
22-Mar-02	Ji Hong Kim	Non Executive Director	23-Mar-05	22-Mar-10	B ²	3,321	0	3,321
22-Mar-02	Timothy Hartman	Non Executive Director	23-Mar-05	22-Mar-10		3,321	0	3,321
22-Mar-02	Sun Jin Kim	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Moon Soul Chung	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Kyung Hee Yoon	Non Executive Director	23-Mar-05	22-Mar-10		3,000	0	3,000
22-Mar-02	Jong Kyoo Yoon	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Bong Hwan Cho	Executive Vice President	23-Mar-05	22-Mar-10	57,100	9,498	0	9,498
22-Mar-02	Bum Soo Choi	Executive Vice President	23-Mar-05	22-Mar-10	57,100	13,339	0	13,339
22-Mar-02	Bock Woan Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	13,339	0	13,339
22-Mar-02	Ki Taek Hong	Executive Vice President	23-Mar-05	22-Mar-10	57,100	19,525	0	19,525
22-Mar-02	Sung Hyun Chung	Executive Vice President	23-Mar-05	22-Mar-10	57,100	19,525	0	19,525
22-Mar-02	Ki Sup Shin	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Seong Kyu Lee	Executive Vice President	23-Mar-05	22-Mar-10	57,100	30,000	0	30,000
22-Mar-02	Byung Sang Kim	Executive Vice President	23-Mar-05	22-Mar-10	57,100	9,498	0	9,498
22-Mar-02	Jong Young Yoon & 15 others	Employees	23-Mar-05	22-Mar-10	57,100	148,810	0	148,810
26-Jul-02	Donald H. MacKenzie	Executive Vice President	27-Jul-05	26-Jul-10	58,800	30,000	0	30,000
21-Mar-03	Sung Nam Lee	Auditor & Executive Director	22-Mar-06	21-Mar-11	42,500	30,000	0	30,000

¹ Exercise price = 51,200 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4) / 100. The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period - 207.25) / 207.25 x 100.

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

Table of Contents

Grant Date	Name of the grantee	Position when granted	Exercise Period		Exercise price	Number of granted options	Number of exercised options	Number of exercisable options
			From	To				
21-Mar-03	Moon Soul Chung	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Sun Jin Kim	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Richard Elliott Lint	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Kyung Hee Yoon	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Suk Yong Cha	Non Executive director	22-Mar-06	21-Mar-11	C ¹	10,000	0	10,000
21-Mar-03	Bernard S. Black	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Ki Hong Kim	Non Executive director	22-Mar-06	21-Mar-11		10,000	0	10,000
21-Mar-03	Eun Joo Park	Non Executive director	22-Mar-06	21-Mar-11		3,351	0	3,351
21-Mar-03	Cheol Soo Ahn	Non Executive director	22-Mar-06	21-Mar-11		3,351	0	3,351
21-Mar-03	Kyung Bae Suh	Non Executive director	22-Mar-06	21-Mar-11		3,351	0	3,351
21-Mar-03	Sung Chul Kim	Executive Vice President	22-Mar-06	21-Mar-11	35,500	9,443	0	9,443
21-Mar-03	Woo Jung Lee	Executive Vice President	22-Mar-06	21-Mar-11	35,500	9,443	0	9,443
21-Mar-03	See Young Lee	Executive Vice President	22-Mar-06	21-Mar-11	35,000	7,024	0	7,024
21-Mar-03	Won Suk Oh & 6 others	Employees	22-Mar-06	21-Mar-11	35,500	90,000	0	90,000
27-Aug-03	Jin Baek Cheong	Executive Vice President	28-Aug-03	27-Aug-11	40,500	5,091	0	5,091
22-Mar-01	Han Kyoung Lee	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
22-Mar-01	Jun Chae Song	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
22-Mar-01	Cheol Ho Kim	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	4,429	0	4,429
22-Mar-01	Myoung Woo Lee	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	4,429	0	4,429
29-Mar-02	Boung Hak Kim	Former KCC Officer	30-Mar-04	29-Mar-11		3,330	0	3,330
29-Mar-02	Sun Lee	Former KCC Officer	30-Mar-04	29-Mar-11	D ²	3,330	0	3,330
29-Mar-02	Jang Ok Kim	Former KCC Officer	30-Mar-04	29-Mar-11		3,330	0	3,330
09-Feb-04	Young II Kim	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	10,000	0	10,000
09-Feb-04	Jeung Lak Lee	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	10,000	0	10,000
09-Feb-04	Sang Jin Lee	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	10,000	0	10,000
09-Feb-04	Yun Keun Jung	Senior Executive Vice President	10-Feb-07	09-Feb-12	46,100	5,000	0	5,000
09-Feb-04	Kuk Shin Kang & 9 others	Employees	10-Feb-07	09-Feb-12	46,100	50,000	0	50,000
23-Mar-04	Dong Soo Chung	Non Executive Director	24-Mar-07	23-Mar-12	E ³	5,000	0	5,000
23-Mar-04	Woon Youl Choi	Non Executive Director	24-Mar-07	23-Mar-12		5,000	0	5,000
23-Mar-04	Wang Ha Cho	Non Executive Director	24-Mar-07	23-Mar-12		5,000	0	5,000
23-Mar-04	Young Soon Cheon	Non Executive Director	24-Mar-07	23-Mar-12		5,000	0	5,000
23-Mar-04	Jung Young Kang	Senior Executive Vice President	24-Mar-07	23-Mar-12	47,200	10,000	0	10,000
Total						2,628,859	718,431	1,910,428

¹ Exercise price = 35,500 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4). The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period - KOSPI Banking Industry Index as of the grant date) / KOSPI Banking Industry Index as of the grant date.

² Exercise price = 129,100 Won x (1 + the increase rate of Comparative Industry Index x 0.4).
If negative index produced, the factor is not to be considered.

The increase rate of Comparative Industry Index = (B-A)/A

A : KOSPI as of the grant date x 0.5 + KOSPI Banking Industry Index as of the grant date x 0.5

B : KOSPI as of the exercise date x 0.5 + KOSPI Banking Industry Index as of the exercise date x 0.5.

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³ Exercise price = 47,200 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4). The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period - KOSPI Banking Industry Index as of the grant date) / KOSPI Banking Industry Index as of the grant date.

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

	Beginning balance	Increase	Decrease	Ending	Remarks
				Balance (September 30, 2004)	
Registered common stock	983,137	968,427	418	1,951,146	
Total	983,137	968,427	418	1,951,146	

1.5. Dividend

The following table shows dividend policy and the related information for the last three years. The Board of Directors of Kookmin Bank made a resolution not to pay dividend for the fiscal year of 2003, and shareholders of Kookmin Bank approved of no dividend payout for the year at the general shareholders meeting held on March 23, 2004

(Units: in millions of Won unless indicated otherwise)

	2003 ⁶	2002	2001
Net (loss) income for the period	(930,356)	1,310,291	740,565
Basic (loss) earnings per share (Won)	(2,854)	4,123 ¹	3,706
Maximum amount available for dividend		1,192,643 ²	604,984
Total dividend amount		325,232	119,866
Dividend payout ratio (%)		24.82 ³	16.19
Cash dividend per common share (Won)		1,000	100
Stock dividend per common share (%)			6
Dividend per preferred share (Won)			
Dividend yield ratio (%)		2.38 ⁴	0.80
Net asset value per common share (Won)	25,094	30,614 ⁵	29,742
Ordinary income per common share (Won)	(2,854)	4,123	3,706

1. Earnings per share = net income (1,310,291,195,314 Won) / weighted average number of shares (317,786,872 shares).

2. Maximum amount available for dividend = retained earnings before appropriations (1,319,970 millions of Won) + transferred from prior years reserves (5,417 millions of Won) - appropriated amount pursuant to the relevant rules and regulations (132,744 millions of Won).

3. Dividend payout ratio = total dividend amount for common shares (325,232,596,000 Won) / net income (1,310,291,195,314 Won).

4. Dividend yield ratio = dividend per share (1,000 Won) / market closing price of December 31, 2002 (42,000 Won)

5.

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Net asset value per common share = total shareholders' equity (10,049,396 millions of Won) / total issued shares as of December 31, 2002 (328,258,685 shares).

6. Revised due to the restated numbers for 2003.

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

(Unit: in millions of Won)

		September 30, 2004		December 31, 2003		December 31, 2002	
		Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency	Deposits	118,669,528	3.33	117,045,837	3.69	113,157,719	4.21
	Certificate of deposit	5,995,904	4.13	4,068,327	4.45	2,119,900	4.82
	Borrowings	3,104,909	3.51	3,625,926	3.89	4,568,873	4.45
	Call money	1,280,689	3.60	1,315,639	3.93	1,039,249	4.02
	Other	22,727,921	5.70	23,311,299	5.91	14,254,281	6.70
Subtotal	151,778,951	3.73	149,367,028	4.06	135,140,022	4.49	
Foreign currency	Deposits	1,740,081	0.59	1,276,952	0.84	1,096,544	1.28
	Borrowings	2,918,996	0.88	3,462,883	1.01	2,269,774	2.45
	Call money	154,650	1.29	150,609	1.07	293,151	1.65
	Finance debentures issued	848,146	2.21	773,840	2.11	1,071,848	3.57
	Other	38,076		26,491		23,087	
Subtotal	5,699,949	1.00	5,690,775	1.12	4,754,404	2.67	
Other	Total Shareholders Equity	9,814,323		12,053,112		14,586,550	
	Allowances	450,315		98,422		63,039	
	Other	12,538,728		9,509,283		3,717,379	
Subtotal	22,803,366		21,660,817		18,366,968		
Total	180,282,266	3.17	176,718,620	3.47	158,261,394	3.92	

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

(Unit: in millions of Won)

		September 30, 2004		December 31, 2003		December 31, 2002	
		Interest		Interest			
		Average	rate	Average	rate	Average	Interest
		balance	(%)	balance	(%)	balance	rate(%)
Won currency	Due from banks	166,312	0.90	165,358	1.37	1,041,865	4.62
	Securities	23,422,326	5.24	30,069,922	7.26	30,180,305	6.32
	Loans	125,670,926	6.69	121,725,298	7.10	105,188,481	7.79
	Advances for customers	80,535	1.70	96,547	5.79	91,583	4.35
	Call loan	1,615,778	3.86	685,953	3.92	736,571	4.36
	Private placement corporate bonds	1,356,100	6.61	1,287,623	10.26	1,631,524	7.32
	Credit card accounts	9,953,873	10.51	6,698,954	10.44	5,719,359	10.25
	Other	193,301		298,858		374,718	
	Allowance for credit losses (-)	3,245,929		1,823,976		1,437,960	
	Subtotal	159,213,222	6.88	159,204,537	7.41	143,526,446	7.66
Foreign currency	Due from banks	646,560	1.22	612,862	1.33	253,390	1.35
	Securities	1,264,858	3.11	1,269,538	5.23	1,302,214	7.97
	Loans	2,690,849	3.96	2,785,091	3.11	3,216,042	3.39
	Call loan	104,418	1.32	84,803	1.28	188,465	1.98
	Bills bought	1,889,254	1.74	1,983,368	1.83	835,356	4.71
	Other	5,747		12,391		15,739	
	Allowance for credit losses (-)	78,167		132,105		267,194	
Subtotal	6,523,519	2.90	6,615,948	3.03	5,544,012	4.95	
Other	Cash	963,117		968,815		914,639	
	Fixed assets held for business	3,077,292		3,210,463		3,126,812	
	Other	10,505,116		6,718,857		5,149,485	
Subtotal	14,545,525		10,898,135		9,190,936		
Total	180,282,266	6.18	176,718,620	6.79	158,261,394	7.12	

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

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

(Unit: in millions of Won)

	September 30, 2004		December 31, 2003		December 31, 2002	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Deposits in Won						
Demand deposits	12,972,860	14,678,724	12,192,971	14,110,288	10,654,651	12,987,742
Time & savings deposits	97,253,060	94,180,300	96,668,084	97,616,747	93,347,999	93,630,423
Mutual installment deposits	6,774,587	6,536,462	6,958,043	7,054,752	8,058,664	7,491,115
Mutual installment for housing	5,489,175	5,393,721	5,161,535	5,423,853	4,463,601	4,872,637
Certificates of deposits	5,995,904	7,174,805	4,068,327	6,499,258	2,119,900	3,044,089
Subtotal	128,485,586	127,964,012	125,048,960	130,704,898	118,644,815	122,026,006
Deposits in foreign currency	1,728,955	2,143,016	1,276,952	1,475,374	1,096,544	1,083,647
Trust deposits						
Money trust	7,902,487	7,343,177	13,064,749	10,278,357	17,214,936	15,356,285
Property trust	17,399,801	13,795,274	24,512,746	21,453,761	16,783,690	26,852,684
Subtotal	25,302,288	21,138,451	37,577,495	31,732,118	33,998,626	42,208,969
Total	155,516,829	151,245,479	163,903,407	163,912,390	153,739,985	165,318,622

2.2.2. Average Deposit per Domestic Branch

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

(Unit: in millions of Won)

	September 30, 2004	December 31, 2003	December 31, 2002
Deposits	125,194	119,593	121,137

Deposits in Won

123,877

118,756

120,336

Table of Contents**2.2.3. Average Deposit per Employee**

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

(Unit: in millions of Won)

	September 30, 2004	December 31, 2003	December 31, 2002
Deposits	7,261	7,487	7,256
Deposits in Won	7,184	7,434	7,208

2.2.4. Loan Balances

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

(Unit: in millions of Won)

	September 30, 2004		December 31, 2003		December 31, 2002	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Loans in Won	125,662,499	125,248,264	121,705,493	123,715,244	105,117,047	116,441,303
Loans in foreign currency	4,009,154	4,190,860	4,160,185	4,019,929	3,228,857	4,417,176
Advances to customers	83,991	41,276	107,091	89,665	106,380	52,430
Subtotal	129,755,644	129,480,400	125,972,769	127,824,838	108,452,284	120,910,909
Trust account loans	448,154	410,131	531,500	489,788	789,614	575,412
Total	130,203,798	129,890,531	126,504,269	128,314,626	109,241,898	121,486,321

2.2.5. Loan Balances as of September 30, 2004 by Remaining Years to Maturities

(Unit: in millions of Won)

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	Less than 1 year	More than 1 year~ less than 3 years	More than 3 years less than 5 years	More than 5 years	Total
Loans in Won	71,521,331	36,161,354	5,904,573	11,661,006	125,248,264
Loans in foreign currencies	2,961,764	435,340	174,105	619,650	4,190,859

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

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

(Unit: in millions of Won)

		September 30, 2004	December 31, 2003	December 31, 2002
Loans to enterprise	Loans for operations	34,075,319	35,351,506	35,369,066
	Loans for facility	6,493,261	6,631,703	5,963,631
Loans to households		42,908,316	42,884,305	40,477,483
Loans to public sector & others	Loans for operations	718,260	526,227	738,632
	Loans for facility	37,877	42,473	39,414
Loans on property formation savings		11,618	62,963	95,252
Loans for housing		40,992,919	38,199,290	33,731,435
Inter-bank loans		7,541	12,815	20,941
Others		3,153	3,962	5,449
Total		125,248,264	123,715,244	116,441,303

2.2.7. Loan to Deposit Ratio

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

(Units: in millions of Won,%)

	September 30, 2004	December 31, 2003	December 31, 2002
Loans¹ (A)	125,662,499	121,705,493	105,117,146
Deposits² (B)	128,485,586	125,048,960	118,644,815
Loan to deposit ratio (A/B)	97.80	97.33	88.60

2.2.8. Acceptances and Guarantees

(Unit: in millions of Won)

	September 30, 2004	December 31, 2003	December 31, 2002
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Determined	808,213	800,297	1,031,698
Contingent	1,769,320	1,281,518	1,306,878
	<hr/>	<hr/>	<hr/>
Total	2,577,533	2,081,815	2,338,576
	<hr/>	<hr/>	<hr/>

¹. Average balance of loans in each indicated date.

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

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

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

(Unit: in millions of Won)

		September 30, 2004		December 31, 2003		December 31, 2002	
		Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Securities in Won (Banking account)	Monetary stabilization bonds	6,446,411	6,970,851	4,343,978	5,540,598	2,834,534	3,269,269
	Government and public bonds	4,745,473	4,108,714	5,630,422	5,885,595	4,272,946	5,252,321
	Debentures	5,891,773	5,509,267	11,028,217	7,149,089	13,154,258	12,378,717
	Stocks	985,490	1,163,640	1,380,254	877,013	2,146,149	1,661,682
	Others	5,353,179	5,771,330	7,687,051	7,299,404	7,809,012	7,162,134
	Subtotal	23,422,326	23,523,802	30,069,922	26,751,699	30,216,899	29,724,123
Securities in Won (Trust account)	Monetary stabilization bonds	1,265,329	1,158,258	984,380	878,077	1,309,515	583,379
	Government and public bonds	894,168	1,102,575	1,182,165	1,252,419	2,023,503	1,323,195
	Debentures	2,406,206	2,229,302	5,876,064	4,080,362	8,035,960	7,600,794
	Stocks	577,753	516,662	763,277	592,379	904,921	924,514
	Others	2,041,940	2,342,921	3,208,160	2,106,262	3,945,649	3,821,884
	Subtotal	7,165,396	7,149,718	11,014,046	9,903,537	16,219,547	13,253,670
Securities in foreign currency							
(Trust Account)		712,602	625,830	868,819	767,675	559,964	747,253
Subtotal		7,897,998	7,975,548	12,882,865	9,677,174	16,779,512	15,001,019
Securities in foreign currency							
(Banking account)	Foreign securities	946,425	864,758	1,066,595	992,408	945,199	960,749
	Off-shore foreign securities	316,468	306,220	306,376	355,737	320,423	255,878
Subtotal		1,262,893	1,170,978	1,372,971	1,350,145	1,265,622	1,216,627
Total		32,583,217	32,670,328	44,325,758	37,779,018	48,262,033	45,941,769

2.2.10. Trust Account

(Unit: in millions of Won)

	September 30, 2004		December 31, 2003		December 31, 2002	
	Total amount trusted	Trust fees	Total amount trusted	Trust fees	Total amount trusted	Trust fees
Return-guaranteed trust	379	7,338	559	45,682	1,528	59,530
Performance trust	25,301,909	73,133	37,576,936	186,851	33,997,098	241,444
Total	25,302,288	80,471	37,577,495	232,533	33,998,626	300,974

Table of Contents**2.2.11. Credit Card**

(Unit: in millions of Won unless indicated otherwise)

		As of or for the years ended of indicated dates		
		September 30, 2004	December 31, 2003	December 31, 2002
Number of card holders (Person)	Corporate	183,332	147,813	153,425
	Individual	11,603,509	10,990,703	11,638,968
Number of merchants		1,496,350	1,528,872	1,589,015
Profit	Sales¹	48,218,328	92,535,500	111,076,680
	Fee revenue	1,579,308	4,012,017	3,482,289

2.3. Branch Networks

As of September 30, 2004, we had 1,079 branches and 41 sub-branches in Korea, the largest number of branches among Korean commercial banks. Approximately 42.1% of our branches and sub-branches are located in Seoul.

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

¹. Includes credit card receivables and cash advances.

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

(Units: in millions of Won, %)

	<u>September 30, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Risk-adjusted capital (A)	13,060,502	12,499,542	14,439,313
Risk-weighted assets (B)	125,171,799	127,370,180	138,703,021
BIS ratios (A/B)	10.43¹	9.81²	10.41

2.4.2. Non-Performing Loans³

(Units: in millions of Won unless indicated otherwise)

<u>Amount</u>	<u>September 30, 2004</u>		<u>December 31, 2003</u>		<u>Change</u>	
	NPL to total loans	Amount	NPL to total loans	Amount	NPL to total loans	Amount
4,069,767	2.91%	4,202,254	2.99%	-132,487	-0.08%p	

2.4.3. Loan Loss Allowances

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

(Units: in millions of Won)

		<u>September 30, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Loan losses allowance	Loans in Won	2,669,206	2,271,198	1,905,065
	Loans in foreign currencies	52,042	68,045	103,838
	Credit card	795,035	1,187,616	284,491
	Others	86,323	163,482	85,302
	Total	3,602,606	3,690,341	2,378,696
Write-offs for the period		1,990,462	4,509,979	1,527,311

¹ Tentative ratio.

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- ² Revised due to the restated numbers for 2003.
- ³ Non-performing loans are defined as those loans that are past due for more than 90 days or those that do not accrue interest according to the Financial Supervisory Service's guidelines.

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

(Unit: in millions of Won)

	<u>September 30, 2004¹</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Beginning balance	3,905,342	2,378,696	2,271,179
Net Write-Off(-)	2,548,434	2,728,891	1,485,962
Write-Off	1,990,462	4,509,979	1,527,311
Recovery	178,899	767,718	269,533
Other	(736,871)	1,013,370	228,184
Provision for loan losses	2,245,698	4,040,536	1,593,479
Ending balance	3,602,606	3,690,341	2,378,696

¹ Due to the reclassification of credit card subordinated beneficiary certificates (held as available-for-sales) into credit card receivables, the related provision for loan loss of 192,221 million won was added to the beginning balance of provision for loan losses. And according to the Statements of Korean Financial Accounting Standards No. 13, the prior year present value discount of 22,780 million won was also added to the beginning balance of provision for loan losses.

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

(Unit: in millions of Won)

	As of or for the years ended of indicated dates	
	September 30, 2004	December 31, 2003 ¹
Cash and due from banks	8,508,411	6,526,345
Securities	24,703,466	26,908,462
Loans	142,047,025	141,143,674
Fixed assets	2,827,777	3,019,556
Other assets	8,176,381	6,547,547
Total assets	186,263,060	184,145,584
Deposits	130,107,028	132,180,272
Borrowings	10,663,592	10,902,800
Debentures	21,436,144	19,192,581
Other liabilities	14,976,352	13,632,425
Total liabilities	177,183,116	175,908,078
Common stocks	1,681,896	1,681,896
Capital surplus	6,230,738	6,230,738
Retained earnings	2,169,192	1,485,111
Capital adjustments	(1,001,882)	(1,160,239)
Total shareholders equity	9,079,944	8,237,506
Liabilities and Shareholders Equity	186,263,060	184,145,584
Operating revenue	13,866,345	15,556,986
Operating income	1,858,003	(137,073)
Continuing (loss) income before income taxes	1,001,708	(1,386,760)
Net (loss) income	682,509	(930,356)

¹ Revised due to the restated number for 2003.**3.2. Other Financial Information**

See attached Kookmin Bank Non-Consolidated Interim Report by our independent auditors. The Report is also available at our website www.kbstar.com.

Table of Contents

4. Independent Accountant Fees and Services

4.1. Audit & Review Fees

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

4.2. Non-Audit Services

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

(Units: in millions of Won unless indicated otherwise)

<u>Year</u>	<u>Service description</u>	<u>Amount of payment</u>
2004	- US GAAP conversion for 2003	US\$ 3,950 thousand
2003	- US GAAP conversion for 2002	US\$ 3,800 thousand
	- Due Diligence on Kookmin Credit Card	250
	- SEC Filing regarding the proposed merger with Kookmin Credit Card	US\$ 30 thousand
2002	- Project for improving the accounting process	690
	- Advisory service for the conversion process in US GAAP	1,450

Table of Contents

5. Corporate Governance and Affiliated Companies

5.1. Board of Directors & Committees under the Board

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

matters relating to business objectives and performance evaluation;

matters relating to amendments of the Articles of Incorporation;

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

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

matters relating to internal control standards; or

other matters determined by law and the board of directors regulations.

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

the Board Steering Committee;

the Management Strategy Committee;

the Risk Management Committee;

the Audit Committee;

the Compensation Committee; and

the Non Executive Director Nominating Committee.

Each committee member is appointed by the board of directors, except for members of the Audit Committee, who are elected at the general meeting of stockholders. For list of our directors, see 6. Directors, Senior Management and Employees / 6.1. Executive Directors and 6.2. Non-Executive Directors.

5.2. Audit Committee

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

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

For the 9 months period ended September 30, 2004, the aggregate of the remuneration paid by us to the President & CEO and our other executive directors and 2) our non-executive directors was 2,621 million Won, 475 million Won, respectively. The following table shows the breakdown of the remuneration.

(Units: in millions of Won)

	<u>The aggregate remuneration paid</u>	<u>Limit for the remuneration resolved by shareholders meeting</u>	<u>Average amount of the payment per person</u>
1) Executive Directors	2,621	8,000	524
2) Non Executive Directors	475		32
Total	3,096	8,000	155

As part of remuneration, Kookmin Bank also granted stock options to directors. See 1.3.3. Stock Option.

5.4. Voting Rights of Shareholders

Each outstanding share of our common stock is entitled to one vote per share. If the method of written resolution at the general meeting of shareholders is adopted by resolution of the board of directors, at which the convening of the general meeting of shareholders is determined, the shareholders may exercise their voting rights in writing without participating the meeting in person. In this case, the Bank is required to send the documents and references necessary for exercise of voting rights, together with the convening notice. If a shareholder intends to exercise his/her voting rights in writing, the shareholder is required to fill in a certain form and submit it to the Bank one day before the date set for the general meeting of shareholders.

5.5. Share Ownership

The following table presents information regarding the selected major ownership of our shares as of September 30, 2004, the latest record date.

(Unit: Shares, %)

<u>Name</u>	<u>Number of Shares of Common Stock</u>	<u>Percentage of Total Issued Shares</u>
The Bank of New York¹	46,744,257	13.90

Kookmin Bank²	29,929,583	8.90
ING Bank N.V.	13,650,001	4.06

¹ Depositary of ADRs.

² Treasury shares with no voting rights.

Table of Contents

5.6. Affiliated Companies

5.6.1. List of Affiliates¹

As of September 30, 2004, we have following affiliates.

KB Investment Co., Ltd.

KB Asset Management Co., Ltd.

KB Real Estate Trust Co., Ltd.

KB Credit Information Co., Ltd.

KB Data Systems Corporation

KB Futures Co., Ltd.

KB Life Co., Ltd.

ING Life Korea Ltd.

Kookmin Bank Luxemburg. S.A.

Kookmin Bank International (London) Ltd.

Kookmin Finance Hong Kong Ltd.

Sorak Financial Holdings

5.6.2. Operating Results of Affiliates

(Unit: in millions of Won)

<u>Company name</u>	<u>Operating results</u>		
	<u>Closing date</u>	<u>Sales</u>	<u>Net</u>

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		Total Assets	Total Liabilities	Total Equities		Income
KB Investment	December 31, 2003	95,555	18,194	77,361	19,227	5,300
KB Asset Management	March 31, 2004	61,432	4,113	57,319	24,401	9,711
KB Real Estate Trust	December 31, 2003	257,724	159,595	98,129	56,613	10,402
KB Credit Information	December 31, 2003	25,177	7,385	17,792	43,717	3,841
KB Data Systems Corp.	December 31, 2003	17,898	3,244	14,654	37,389	1,035
KB Futures	March 31, 2004	35,791	9,973	25,818	8,691	1,056
KB Life²	September 30, 2004	137,699	115,539	22,160	31,023	(8,341)
ING Life Korea	March 31, 2004	3,461,826	3,228,415	233,411	1,865,503	103,088
Kookmin Bank Luxemburg	June 30, 2004	7,592	3,057	4,535	1,026	6
Kookmin Bank International (London)	September 30, 2004	320,376	264,695	55,681	11,078	555
Kookmin Finance HK	September 30, 2004	409,226	338,992	70,234	9,274	7,313
Sorak Financial Holdings	September 30, 2004	332,032	9,423	322,609		(43)

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

² Since its establishment (i.e. April 29, 2004 ~ September 30, 2004)

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

As of September 30, 2004, our board of directors, which consists of 3 executive directors and 11 non-executive directors, has the ultimate responsibility for the management of our affairs.

6.1. Executive Directors

Our 3 executive directors consist of the President & CEO and two executive vice presidents.

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

<u>Name</u>	<u>Date of Birth</u>	<u>Position</u>	<u>Common Stocks Owned</u>
Jung Tae Kim	08/15/1947	President & CEO	126,581
Seong Kyu Lee	10/25/1959	Executive Director & EVP	
Donald H. MacKenzie	12/20/1948	Executive Director & EVP	

6.2. Non-Executive Directors

Our non-executive directors are selected based on the candidates' talents and skills in diverse areas, such as law, finance, economy, management and accounting. As of September 30, 2004, 11 non-executive directors are in office.

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

<u>Name</u>	<u>Date of Birth</u>	<u>Position</u>	<u>Common Stocks Owned</u>
Moon Soul Chung	03/07/1938	Non-Executive Director	5,221
Richard Elliott Lint	01/04/1946	Non-Executive Director	1,110
Sun Jin Kim	06/08/1942	Non-Executive Director	4,065
Dong Soo Chung	09/24/1945	Non-Executive Director	1,010
Kyung Hee Yoon	01/05/1947	Non-Executive Director	
Suk Yong Cha	06/09/1953	Non-Executive Director	1,540
Bernard S. Black	11/13/1953	Non-Executive Director	1,110
Ki Hong Kim	01/10/1957	Non-Executive Director	1,660
Woon Youl Choi	04/02/1950	Non-Executive Director	9,379
Wang Ha Cho	09/18/1953	Non-Executive Director	661
Young Soon Cheon	02/01/1961	Non-Executive Director	590

Table of Contents**6.3. Senior Management**

In addition to the executive directors who are also our executive officers, we currently have the following 7 executive officers as of September 30, 2004.

Name	Date of Birth	Position	Common Shares Owned
Jong Kyoo Yoon	10/13/1955	Senior Executive Vice President	3,300
Jeung Lak Lee	06/13/1958	Senior Executive Vice President	
Sang Jin Lee	05/21/1955	Senior Executive Vice President	1,078
Yun Keun Jung	07/01/1951	Senior Executive Vice President	2,416
Jung Young Kang	01/29/1951	Senior Executive Vice President	
Young Il Kim	07/06/1953	Senior Executive Vice President	3,327
Ki Sup Shin	10/29/1955	Senior Executive Vice President	280

6.4. Compensation to Directors and Senior Management

The total compensation to both directors and senior management for the three quarters of 2004, excluding grant of stock options, is 6,143,123,785 Won, and the average compensation amount per person is 180,680,111 Won. During the nine months, we had 20 directors and 14 executive vice presidents.

6.5. Employees

The following table shows the breakdown of our employees as of September 30, 2004.

(Unit: in millions of Won)

	Number of Employees			Average Tenure of the Full-time Employees	Total Payment for Three Quarters of 2004	Average Monthly Payment per Person
	Full-time	Contractual	Total			
Male	14,080	1,223	15,303	16.40	613,382	4.5
Female	4,931	7,764	12,695	13.68	320,616	2.8
Total	19,011	8,987	27,998	15.69	933,998	3.7

Table of Contents**7. Related Party Transactions**

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

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

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Par Value	Beginning Balance (January 1, 2004)	Increase	Decrease	Ending Balance (September 30, 2004)
KB Real Estate Trust	Affiliate	Equity Securities of Affiliate	79,999	79,999			79,999
KB Investment	Affiliate	Equity Securities of Affiliate	44,708	44,708			44,708
KB Asset Management	Affiliate	Equity Securities of Affiliate	30,670	30,670			30,670
KB Futures	Affiliate	Equity Securities of Affiliate	19,996	19,996			19,996
KB Data Systems Corp.	Affiliate	Equity Securities of Affiliate	7,998	7,998			7,998
KB Credit Information	Affiliate	Equity Securities of Affiliate	4,154	4,154			4,154
KB Life	Affiliate	Equity Securities of Affiliate	30,000	0	30,000		30,000
ING Life Korea	Affiliate	Equity Securities of Affiliate	14,000	14,000			14,000
KOMOCO	Affiliate	Equity Securities of Affiliate	30,000	30,000		30,000	0
Total			261,525	231,525	30,000	30,000	231,525

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

Table of Contents**7.1.2. Real Estate Transactions**

(Unit: in millions of Won)

Name	Relation with the Bank	Type	Account	The Number of Contracts	Deposits	Rent Fee
KB Credit Information	Affiliate	Building	Rental Income	21	4,727.46	11.73
KB Real Estate Trust	Affiliate	Building	Rental Income	2	1,738.00	3.56
KB Data Systems Corp.	Affiliate	Building	Rental Income	1	2,484.31	
KB Futures	Affiliate	Building	Rental Income	1	1,363.36	
KB Life	Affiliate	Building	Rental Income	1	1,839.20	
Total				26	12,152.33	15.29

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

(Unit: in millions of Won)

Name	Relation with the Bank	Account	Beginning Balance (January 1, 2004, or on the date of appointment)	Ending Balance (September 30, 2004)	Increase / (Decrease) for the period
Kolon Co.	Related party of Non executive director, Wang Ha Cho	Overdraft and etc.	30,000	25,000	25,378 (30,378)
Kolon Construction	Related party of Non executive director, Wang Ha Cho	Overdraft	77	0	(77)
Hankyoreh Plus	Related party of Senior executive vice president, Seong Kyu Lee	Loans for working capital and etc.	6,915	8,798	3,349 (1,466)
Janssen Korea	Related party of Non executive director, Sun Jin Kim	Corporate loans	0	6,500	6,500
Hyundai Mipo Dockyard Co.	Related party of Non executive director, Woon Youl Choi	Housing loan	36	36	0
Total			37,028	40,334	3,306



Table of Contents

7.2.2. Real Estate Transactions

(Unit: in millions of Won)

Name	Relation with		Type	Account	Deposits	Rent Fee
	Kookmin Bank					
DSME Co.	Related party of		Building	Rental Deposit		
	Non executive director, Dong Soo Chung					11.04
Total						11.04

Table of Contents

SIGNATURES

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

Kookmin Bank

(Registrant)

Date: November 15, 2004

By: /s/ Kap Shin
(Signature)

Name: Kap Shin
Title: Senior Executive Vice President &

Chief Financial Officer

Table of Contents

Exhibit 99.1

Kookmin Bank

Non-Consolidated Interim Financial Statements

September 30, 2004 and 2003

Table of Contents

Kookmin Bank

Index

September 30, 2004 and 2003, and December 31, 2003

	<u>Page(s)</u>
<u>Report of Independent Accountants</u>	1 3
Non-Consolidated Interim Financial Statements	
<u>Balance Sheets</u>	4
<u>Statements of Operations</u>	5
<u>Statements of Cash Flows</u>	6 7
<u>Notes to Non-Consolidated Interim Financial Statements</u>	8 58

Table of Contents

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

Report of Independent Accountants

To the Board of Directors and Shareholders of Kookmin Bank

We have reviewed the accompanying non-consolidated balance sheet of Kookmin Bank (the Bank) as of September 30, 2004, and the related non-consolidated statements of operations and cash flows for the three-month and nine-month periods ended September 30, 2004 and 2003, expressed in Korean won. These interim financial statements are the responsibility of the Bank s management. Our responsibility is to issue a report on these interim financial statements based on our review.

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

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

We have audited the non-consolidated balance sheet of Kookmin Bank as of December 31, 2003 and the related non-consolidated statements of operations, appropriation of retained earnings and cash flows for the year then ended, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion on those financial statements in our audit report dated March 3, 2004.

As discussed in Note 36 to the non-consolidated financial statements, the Bank restated its non-consolidated balance sheet as of December 31, 2003 and the related non-consolidated statements of operations and cash flows for the nine-month period ended September 30, 2003, presented herein for comparative purposes, as instructed by the Securities and Futures Commission of underestimate of other allowance by (Won) 213,157 million and overestimate of valuation loss using equity method by (Won)27,159 million. On the other hand, the financial statements for the year ended in December 31, 2003 in the audit report dated March 3, 2004, are no longer valid, as they were prior to restatement.

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

Table of Contents

As discussed in Note 33 to the non-consolidated financial statements, on May 30, 2003, the Bank obtained approval from the Board of Directors to enter into a merger agreement with Kookmin Credit Card Co., Ltd. (the Subsidiary), its majority-owned subsidiary. According to the resolution of the Board of Directors, the Bank merged with the Subsidiary on September 30, 2003. The merger was effected through an exchange of shares with the minority shareholders of the Subsidiary as of July 24, 2003, who each received 0.442983 share of the Bank's common stock for each share of the Subsidiary.

As discussed in Note 20 to the non-consolidated financial statements, in accordance with the resolution of the Board of Directors on December 17, 2003, the Bank acquired 27,423,761 of its own shares previously owned by the Korean government at (Won)43,700 per share through public bidding and intends to sell these shares of treasury stock depending on certain market conditions. As of September 30, 2004, the Bank holds 8.90% of the total common stock issued as treasury stock.

As discussed in Note 4 to the non-consolidated financial statements, as a means to venture into the insurance business for diversification of revenues, the Bank invested (Won)30,246 million (including acquisition costs) on April 29, 2004, to acquire a 100% ownership of KB Life Insurance Co., Ltd., which was founded to acquire the assets and the liabilities of Hanil Life Insurance Co., Ltd.

As discussed in Note 16 to the non-consolidated financial statements, the Bank's total exposure (including loans and securities) to LG Card Co., Ltd., which is under the joint control of financial institutions as it is currently experiencing a financial crisis, amounts to (Won)520,134 million as of September 30, 2004. In addition, the Bank holds securities issued by credit card companies and capital companies, which are experiencing liquidity problems, amounting to (Won)201,538 million as of September 30, 2004. The ultimate effect of these circumstances on the financial position of the Bank as of the balance sheet date cannot be presently determined, and accordingly, no adjustments related to such uncertainties have been recorded in the accompanying non-consolidated financial statements.

As discussed in Note 2, during the quarter ended September 30, 2004, the Bank changed its accounting on its sale of loans. Previously, the gain or loss on sale of written-off loans is computed by adjusting the loan's related allowance. The gain or loss on sale of loans other than written-off loans is computed by comparing the book value at the date of sale against the proceeds of the sale. Currently, the gain or loss on sale of both kinds of loans is now computed by comparing the sale proceeds against its book value on the year end immediately preceding the date of sale. Due to this change, loss on sale of loans increased by (Won)864,445 million and gain on sale of loans and allowance for loan losses decreased by (Won)43,039 million and (Won)907,484 million, respectively, for the nine-month period ended September 30, 2004. The income statement for the nine-month period ended September 30, 2003, presented herein for comparative purposes, were restated to reflect the changes in calculation of gain or loss on sales of loans loss resulting in an increase in loss on sale of loans and gain on sale of loans by (Won)498,143 million and (Won)4,668 million, respectively, and decrease in allowance for loans losses by (Won)493,475 million. Such restatement has no effect on the current period's net income and net assets.

Table of Contents

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

Seoul, Korea

October 14, 2004

This report is effective as of October 14, 2004, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Table of Contents**Kookmin Bank****Non-Consolidated Balance Sheets****September 30, 2004 and December 31, 2003****(Unaudited)**

	2004	2003
<i>(in millions of Korean won)</i>		
Assets		
Cash and due from banks (Note 3)	(Won) 8,508,411	(Won) 6,526,345
Securities (Note 4)	24,703,466	26,908,462
Loans, net (Notes 5 and 6)	142,047,025	141,143,674
Fixed assets, net (Note 7)	2,827,777	3,019,556
Other assets (Note 8)	8,176,381	6,547,547
Total assets	(Won) 186,263,060	(Won) 184,145,584
Liabilities and Shareholders Equity		
Deposits (Note 9)	(Won) 130,107,028	(Won) 132,180,272
Borrowings (Note 10)	10,663,592	10,902,800
Debentures (Note 11)	21,436,144	19,192,581
Other liabilities (Note 13)	14,976,352	13,632,425
Total liabilities	177,183,116	175,908,078
Commitments and contingencies (Notes 14 and 16)		
Common stock - (Won)5,000 par value per share; 1 billion shares authorized and 336,379,116 shares outstanding (Notes 1 and 17)	1,681,896	1,681,896
Capital surplus (Note 18)	6,230,738	6,230,738
Retained earnings (Note 19)	2,169,192	1,485,111
Capital adjustments (Note 20)	(1,001,882)	(1,160,239)
Total shareholders equity	9,079,944	8,237,506
Total liabilities and shareholders equity	(Won) 186,263,060	(Won) 184,145,584

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

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Non-Consolidated Statements of Operations****Three-Month and Nine-Month Periods Ended September 30, 2004 and 2003****(Unaudited)**

	Three-month period		Nine-month period	
	2004	2003	2004	2003
<i>(in millions of Korean won, except per share amounts)</i>				
Interest income				
Interest on due from banks	(Won) 2,900	(Won) 1,388	(Won) 7,038	(Won) 5,167
Interest on trading securities	35,791	27,296	115,477	51,818
Interest on available-for-sale securities	115,227	176,792	378,091	344,469
Interest on held-to-maturity securities	86,929	175,238	272,889	363,497
Interest on loans	2,538,438	2,413,620	7,824,498	4,791,321
Other interest income	25,496	26,616	76,194	49,382
	<u>2,804,781</u>	<u>2,820,950</u>	<u>8,674,187</u>	<u>5,605,654</u>
Interest expenses				
Interest on deposits	967,229	1,079,533	2,986,152	2,183,020
Interest on borrowings	74,841	105,782	254,163	214,312
Interest on debentures	288,322	280,770	818,822	564,021
Other interest expenses	11,728	20,016	50,009	32,722
	<u>1,342,120</u>	<u>1,486,101</u>	<u>4,109,146</u>	<u>2,994,075</u>
Net interest income	1,462,661	1,334,849	4,565,041	2,611,579
Provision for loan losses (Note 6)	966,507	1,026,698	2,245,698	1,685,764
Net interest income after provision for loan losses	<u>496,154</u>	<u>308,151</u>	<u>2,319,343</u>	<u>925,815</u>
Non-interest income				
Fees and commission income	518,802	344,963	1,631,272	681,829
Dividends on trading securities	324		3,289	1,514
Dividends on available-for-sale securities	95	2,622	7,709	5,288
Gain on foreign currency transactions	82,226	35,210	203,995	165,926
Gain on derivatives transactions (Note 15)	861,535	498,267	2,049,392	1,240,561
Others (Note 22)	864,082	500,401	1,296,501	546,430
	<u>2,327,064</u>	<u>1,381,463</u>	<u>5,192,158</u>	<u>2,641,548</u>
Non-interest expenses				
Fees and commission expenses	107,534	43,143	359,902	92,378
General and administrative expenses (Note 23)	650,573	628,663	1,966,199	1,210,779
Loss on foreign currency transactions	44,885	46,213	124,779	129,016
Loss on derivatives transactions (Note 15)	833,429	465,014	2,008,046	1,214,154

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Others (Note 22)	562,689	574,745	1,194,572	624,648
	<u>2,199,110</u>	<u>1,757,778</u>	<u>5,653,498</u>	<u>3,270,975</u>
Operating income (loss)	624,108	(68,164)	1,858,003	296,388
Non-operating income (expenses), net (Note 24)	(69,764)	(117,275)	(856,295)	(334,712)
Net income (loss) before income tax expense	554,344	(185,439)	1,001,708	(38,324)
Income tax expense (benefit) (Note 25)	179,396	(70,838)	319,199	2,344
Net income (loss)	<u>(Won) 374,948</u>	<u>(Won) (114,601)</u>	<u>(Won) 682,509</u>	<u>(Won) (40,668)</u>
Basic earnings (loss) per share (In Won) (Note 26)			<u>(Won) 2,227</u>	<u>(Won) (125)</u>

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

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Non-Consolidated Statements of Cash Flows****Three-Month and Nine-Month Periods Ended September 30, 2004 and 2003****(Unaudited)**

	Three-month period		Nine-month period	
	2004	2003	2004	2003
<i>(in millions of Korean won)</i>				
Cash flows from operating activities				
Net income (loss)	(Won) 374,947	(Won) (114,601)	(Won) 682,509	(Won) (40,668)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Realized (gain) loss on trading securities, net	(11,847)	(15,417)	(49,879)	(42,500)
Unrealized gain on trading securities, net	(32,020)	(39,005)	(42,442)	(56,625)
(Gain) loss on foreign currency transactions, net	(37,341)	11,003	(79,216)	(36,910)
Provision for loan losses	966,507	1,026,698	2,245,698	1,685,764
Reversal of losses from guarantees and acceptances		122,950		122,746
Gain on derivative transactions, net	(28,106)	(33,253)	(41,346)	(26,407)
Loss on valuation of derivatives, net	(18,541)	(11,652)	(24,215)	(13,224)
Loss (gain) on fair value hedged items, net	10,116	6,671	(2,147)	8,076
Retirement benefits	26,037	22,040	81,200	45,990
Stock compensation expense	1		3,223	
Depreciation and amortization	102,063	109,440	304,041	210,912
Loss on disposal of fixed assets, net	658	32,188	507	33,553
Impairment loss on disposal of fixed assets, net	16,103		16,103	
Realized gain on available-for-sale securities, net	(7,420)	(46,843)	(81,207)	(86,530)
Impairment loss on available-for-sale securities, net		46,397	55,058	38,627
Realized gain on held-to-maturity securities		(475)	(1,509)	(1,268)
Unrealized loss (gain) on investment in associates, net	6,389	91,990	(10,089)	349,642
Loss on sale of loans, net	24,150	420	840,839	1,633
Provision for other allowances	(236,573)		15,562	
Others, net	(87,889)	(6,454)	(233,594)	(12,796)
Changes in assets and liabilities resulting from operations				
Accrued income	(25,322)	(61,502)	27,782	24,382
Prepaid expenses	(30,716)	3,206	132,056	(29,166)
Deferred tax assets	180,315	3,771	242,890	(167,223)
Other assets	(2,460)	(251)	(2,924)	3,168
Accrued expenses	(14,703)	(200,965)	(110,868)	(174,510)
Unearned income	(12,865)	(8,230)	(15,683)	(9,163)
Withholding taxes	(31,015)	9,236	(74,000)	12,214
Other liabilities	68,523	(67,749)	(169,532)	275,557
Payment of retirement benefits	(4,284)	(3,953)	(34,466)	(7,225)
Retirement pension funds	310	183,484	14,759	(10,752)
Account for agency business	73,071		21,385	
Stock compensation expense		3,805		(2,683)

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Net cash provided by operating activities	1,268,088	1,062,949	3,710,495	2,094,614
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The accompanying notes are an integral part of these non-consolidated financial statements.

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Non-Consolidated Financial Statements of Cash Flows****Three-Month and Nine-Month Periods Ended September 30, 2004 and 2003****(Unaudited)**

	Three-month period		Nine-month period	
	2004	2003	2004	2003
<i>(in millions of Korean won)</i>				
Cash flows from investing activities				
(Increase) decrease in due from banks	(Won) (269,681)	(Won) 974,688	(Won) (1,891,166)	(Won) (699,744)
Decrease in trading securities	1,109,170	573,215	1,356,119	876,918
(Increase) decrease in available-for-sale securities	(1,153,744)	(66,010)	891,513	(4,089,009)
Decrease (increase) in held-to-maturity securities	261,538	462,681	647,443	1,492,244
Acquisition of investment in associates	(9,231)		(6,299)	
Increase in loans granted, net	(3,286,720)	(3,359,993)	(4,181,343)	(6,736,889)
Proceeds from disposal of fixed assets	526	126,525	4,424	133,742
Acquisition of fixed assets	(46,574)	(114,917)	(133,131)	(173,845)
Acquisition of intangible assets	(132)	(70)	(891)	(340)
Proceeds from disposal of foreclosed assets	382	248	518	279
(Increase) decrease in guarantee deposits	(333)	(13,989)	53,026	(21,046)
Decrease (increase) in other accounts receivable	1,389,600	(1,742,280)	(2,063,443)	(1,692,171)
(Increase) decrease in payments in advance	(4,316)	(13,284)	(278)	(27,683)
(Increase) decrease in derivative assets, net	(26,823)	(20,065)	41,717	64,537
Decrease in collection of domestic exchange receivables	92,791	328,534	291,728	764,687
Collection of loans to trust accounts		29,869		36,748
Acquisition of foreclosed assets	(64)			
Net cash used in investing activities	(1,943,611)	(2,834,848)	(4,990,063)	(10,071,572)
Cash flows from financing activities				
Increase (decrease) in deposits, net	188,083	3,281,589	(2,073,242)	4,592,498
(Decrease) increase in borrowings, net	(712,282)	(415,760)	(239,208)	2,637,463
Increase (decrease) in debentures, net	1,767,846	(2,024,557)	2,243,564	(493,759)
(Decrease) increase in borrowings from trust accounts	(122,119)	192,924	(2,809,326)	734,550
(Decrease) increase in other accounts payable	(951,058)	1,702,214	2,659,765	1,536,531
Increase in advances received from customers	48,355	483,570	320,692	1,169,615
Increase (decrease) in guarantee deposits received	15,098	2,161	1,432	(7,229)
Increase in domestic exchange payables	714,240	239,705	889,032	(191,352)
Increase (decrease) in liabilities incurred by agency relationships	138,427	(887,284)	367,757	(50,079)
Stock options exercised				(35)
Sale of treasury stock	16		2,251	50
Decrease in dividend payable		(3)		(325,183)
Net cash provided by financing activities	1,086,606	2,574,559	1,362,717	9,603,070

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Net increase in cash and cash equivalents	411,083	802,660	83,149	1,626,112
Cash and due from banks, beginning of period	3,443,823	3,924,033	3,771,757	3,100,581
Cash and due from banks, end of period (Note 34)	(Won) 3,854,906	(Won) 4,726,693	(Won) 3,854,906	(Won) 4,726,693

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

See Report of Independent Accountants

Table of Contents

Kookmin Bank

Notes to Non-Consolidated Financial Statements

September 30, 2004 and 2003, and December 31, 2003

(Unaudited)

1. The Bank

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

The Bank merged with Korea Long Term Credit Bank (KLB) on December 31, 1998 and with Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., Ltd. on August 22, 1999. Also, under the decision of the Financial Supervisory Commission in accordance with the Structural Improvement of the Financial Industry Act, the Bank purchased certain assets, including loans classified as normal or precautionary, and assumed most of the liabilities of Daedong Bank as of June 29, 1998. Also, the Bank completed the legal consolidation with Housing and Commercial Bank (H&CB) as of October 31, 2001 (Note 32) and merged with Kookmin Credit Card Co., Ltd. (the Subsidiary), its majority-owned subsidiary, on September 30, 2003 (Note 33).

The Bank has its shares listed on the Korea Stock Exchange since September 1994. As a result of the business combination with H&CB, the former shareholders of the Bank and H&CB received new common shares of the Bank on the basis of a pre-determined ratio. The new common shares of the Bank were relisted on the Korea Stock Exchange on November 9, 2001. As of September 30, 2004, the Bank's paid-in capital amounts to (Won)1,681,896 million and its 46,744,257 shares are listed on the New York Stock Exchange as American Depositary Shares (ADSs).

The Bank engages in the banking and trust businesses according to the provisions of the General Banking Act and the Trust Business Act, and operates through 1,119 domestic branches and offices (excluding automated teller machines) and three overseas branches as of September 30, 2004.

2. Summary of Significant Accounting Policies

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

Basis of Financial Statement Presentation

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The Bank maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Bank that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, or cash flows, is not presented in the accompanying non-consolidated financial statements.

Application of the Statements of Korean Financial Accounting Standards

The Bank has adopted Statements of Korean Financial Accounting Standards (SKFAS) Nos. 1~10, 12 and 13 (SKFAS Nos.10, 12 and 13 have been effective as of January 1, 2004) in the preparation of its financial statements. Except for the adoption of these SKFAS, the same accounting policies are applied for the financial statements as of and for the nine-month period ended September 30, 2004 and as of and for the year ended December 31, 2003.

Accounting Estimates

The preparation of the non-consolidated financial statements requires management to make estimates and assumptions that affect amounts reported therein. Although these estimates are based on management's best knowledge of current events and actions that the Bank may undertake in the future, actual results may differ from those estimates.

See Report of Independent Accountants

Table of Contents

Kookmin Bank

Notes to Non-Consolidated Financial Statements

September 30, 2004 and 2003, and December 31, 2003

(Unaudited)

Recognition of Interest Income

The Bank recognizes interest income on loans and debt securities on an accrual basis. However, interest income on delinquent and dishonored loans and debt securities, other than those collateralized with security deposits or guaranteed by financial institutions, is recognized on a cash basis. As of September 30, 2004, the Bank has non-accrual loans and securities of (Won)9,798,553 million and (Won)553,114 million, respectively, with related foregone interest of (Won)539,230 million and (Won)188,915 million, respectively.

Securities

Securities that are bought and held principally for the purpose of generating profits on short-term differences in price, and which are actively and frequently bought and sold, are classified as trading securities. Debt securities with fixed or determinable payments and fixed maturity, and which the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Investments neither classified as trading securities nor held-to-maturity securities are classified as available-for-sale securities.

Securities are recognized initially at their fair value plus transaction costs that are directly attributable to the acquisition. The Bank uses the moving average method and specific identification method for determining the carrying value of equity securities and debt securities, respectively.

Trading and available-for-sale debt securities are carried at fair value using the average of quoted prices provided by bond pricing service institutions. Held-to-maturity debt securities are carried at amortized cost.

Marketable equity securities are carried at market prices and beneficiary certificates are carried at quoted prices provided by the beneficiary certificate dealers. However, non-marketable equity securities are carried at fair value only if the fair value is reasonably measurable. Otherwise, they are carried at cost.

Unrealized holding gains or losses on trading securities are charged to current operations and those resulting from available-for-sale securities are recorded as capital adjustments. Premiums and discounts on debt securities are amortized over the maturity period of the debt securities using the effective interest method. Impairment losses are recognized in the current operations when there is evidence of impairment and recoverable amounts of available-for-sale securities or held-to-maturity securities are less than either the acquisition cost of equity securities or the amortized cost of debt securities. Unrealized holding gains or losses on available-for-sale or held-to-maturity securities that had not been recognized through income are realized when the related securities are disposed of.

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The wholly owned beneficiary certificates are each classified based on the Bank's intention for acquiring the certificates. The fund assets of these wholly owned beneficiary certificates are comprised of deposits, call loans and securities, and the fund income is comprised of interest income, realized gains and losses, and valuation gains and losses. The Bank recorded all gains and losses from these wholly owned beneficiary certificates as income from beneficiary certificates. Accounting policies of these funds that are different from those of the Bank include application of the moving average method for determining the cost of debt securities and amortization of discounts/premiums on debt securities using the straight line method.

See Report of Independent Accountants

Table of Contents

Kookmin Bank

Notes to Non-Consolidated Financial Statements

September 30, 2004 and 2003, and December 31, 2003

(Unaudited)

Investments in Associates

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

The Bank discontinues the equity method of accounting for investments in associates when the Bank's share of accumulated losses of the associates equals the costs of the investments and until the subsequent cumulative changes in its proportionate net income of the associate equal its cumulative proportionate net losses not recognized during the periods when the equity method was suspended.

Differences between the initial purchase price and the Bank's initial proportionate ownership of the net book value of the associate are amortized or accreted using an appropriate method and the resulting amortization is charged to current operations.

Gains and losses recorded by the Bank from inter-company transactions with associates are fully eliminated. Gains and losses recorded by the associates from these transactions are proportionately eliminated, based on the Bank's percentage of ownership.

Deferred Loan Origination Fees and Costs

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

Allowances for Loan Losses

The Bank applies its internal credit rating system, the Forward Looking Criteria (FLC), to corporate loans in order to classify the borrowers and to determine the allowances for loan losses. The credit rating criteria are divided into 12 categories (AAA, AA, A, BBB, BB, BB-, B, B-, CCC, CC, C, D) with consideration of the credit risk of corporate borrowers, which is evaluated based on financial and non-financial risks, and the loan type, collateral and/or guarantees.

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

<u>Credit Risk Classification</u>	<u>Credit Ratings</u>	<u>Allowance Rates</u>
Normal	AAA~B	0.50%
Precautionary	B--CCC	2.00%
Sub-standard	CC	20.00%
Doubtful	C	50.00%
Estimated loss	D	100.00%

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Notes to Non-Consolidated Financial Statements****September 30, 2004 and 2003, and December 31, 2003****(Unaudited)**

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

<u>Credit Risk Classification</u>	<u>Allowance Rates</u>		
	<u>Small-sized corporate</u>	<u>Consumer</u>	<u>Credit Card</u>
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%

The Bank applies the credit risk classification used for loans to outstanding guarantees and acceptances, and provides allowances for losses of 20 %, 50 % and 100 % of the outstanding guarantees and acceptances classified as sub-standard, doubtful, and estimated loss, respectively.

Troubled Debt Structuring

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

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

Fixed Assets and Related Depreciation

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 the accumulated depreciation is presented as a contra account of tangible assets in the financial statements. In addition, impairment loss is recognized based on the difference between the recoverable amount and the book value. The accumulated impairment loss is presented as a contra account of tangible assets in the financial statements.

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Notes to Non-Consolidated Financial Statements****September 30, 2004 and 2003, and December 31, 2003****(Unaudited)**

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

<u>Tangible Assets</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and structures	Straight-line	40 years
Leasehold improvements	Declining balance	4-5 years
Equipment and vehicles	Declining balance	4-5 years

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

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

Intangible assets are amortized based on the following estimated average useful lives and are presented in the financial statements net of accumulated amortization:

<u>Intangible assets</u>	<u>Amortization Method</u>	<u>Estimated Useful Life</u>
Goodwill	Straight-line	9 years
Development costs	Straight-line	5 years
Trademarks	Straight-line	1-10 years
Others	Straight-line	5-30 years

The Bank estimates the useful life of endowment assets, that are beneficial upon usage and are classified under other intangible assets, to be 30 years based on the term of the contract. The Bank records goodwill as a result of the merger with H&CB as the cost of the merger exceeded the fair value of the net assets acquired.

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

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The Bank adjusts the book value of a fixed asset to its recoverable amount and recognizes the difference as an impairment loss when the recoverable amount is significantly below the book value due to obsolescence or decline in market value. The subsequent increase in recoverable amount in excess of the impaired book value is recognized, to the extent of the original book value before impairment, as a reversal of fixed asset impairment losses.

Stock Issuance Costs and Debenture Issuance Costs

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

Accrued Retirement Benefits

Employees and directors with at least one year of service and temporary employees with at least a one-year contract, as of September 30, 2004, are entitled to receive a lump-sum payment upon termination of their employment with the Bank, based on their length of service and rate of pay at the time of termination.

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

See Report of Independent Accountants

Table of Contents

Kookmin Bank

Notes to Non-Consolidated Financial Statements

September 30, 2004 and 2003, and December 31, 2003

(Unaudited)

Deferred Income Taxes

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

Bonds under Repurchase/Resale Agreements

Securities bought under resale agreements are recorded under loans as bonds purchased under resale agreements. Securities sold under repurchase agreements are recorded under borrowings as bonds sold under repurchase agreements. Interest from bonds purchased under resale agreements and bonds sold under repurchase agreements are recognized as interest income on loans and interest expense on borrowings, respectively.

Derivative Instruments

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

Fair value hedge accounting is applied to a derivative instrument with the purpose of hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment that is attributable to a particular risk. The gain or loss, both on the hedging derivative instrument and on the hedged item attributable to the hedged risk, is reflected in the current operations.

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

Stock Options

Compensation costs for stock options granted to employees and executives are recognized using the fair value method. Under the fair value method, compensation costs for stock option plans are determined using an option-pricing model and are recognized over the vesting period (Note 21).

National Housing Fund

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

Gains and Losses on Trust Management

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

Under the Trust Business Act, reserves for future losses are set up in the trust accounts for losses related to those trust funds with a guarantee of the principal or of a certain minimum rate of return. The reserves are used to provide for the losses on such trust funds and, if the losses incurred are in excess of the reserves for future losses, the excess losses are compensated by the Bank. Accordingly, the banking accounts recognize the compensation paid as a loss on trust management in other operating expenses and the trust accounts recognize the corresponding compensation as compensation from banking accounts. There were no compensations paid for the nine-month period ended September 30, 2004.

See Report of Independent Accountants

Table of Contents

Kookmin Bank

Notes to Non-Consolidated Financial Statements

September 30, 2004 and 2003, and December 31, 2003

(Unaudited)

Foreign Currency Translation

All assets and liabilities denominated in foreign currencies are translated into Korean Won at the rates in effect as of the balance sheet dates (September 30, 2004: (Won)1,147.9:US\$1, December 31, 2003: (Won)1,197.8:US\$1), and resulting translation gains and losses are recognized in the current period.

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

Statement of Cash Flows

In the preparation of the statement of cash flows, the Bank has presented net amounts of cash inflows and cash outflows for items where the turnover is quick and the amounts are large.

Restatement of Prior Period Financial Statements

During the quarter ended September 30, 2004, the Bank changed its accounting on its sale of loans. Previously, the gain or loss on sale of written-off loans is computed by adjusting the loan's related allowance. The gain or loss on sale of loans other than written-loans is computed by comparing the book value at the date of sale against the proceeds of the sale. Currently, the gain or loss on sale of both kinds of loans is now computed by comparing the sale proceeds against its book value on the year end immediately preceding the date of sale. Due to this change, loss on sale of loans increased by (Won)864,445 million and gain on sale of loans and allowance for loan losses decreased by (Won)43,039 million and (Won)907,484 million, respectively, for the nine-month period ended September 30, 2004. The income statement for the nine-month period ended September 30, 2003, presented herein for comparative purposes, were restated to reflect the changes in calculation of gain or loss on sales of loans loss resulting in an increase in loss on sale of loans and gain on sale of loans by (Won)498,143 million and (Won)4,668 million, respectively, and decrease in allowance for loans losses by (Won)493,475 million. Such restatement has no effect on the current period's net income and net assets.

During the current period, the Bank reclassified the subordinated retained interests earned from securitization transactions from available-for-sale securities to loans. Such reclassification has no effect on the current period's net income and net assets. The prior period financial statements presented herein for comparative purposes were also reclassified to conform to the current period financial statement

presentation.

As explained in Note 36, the Bank restated its financial statements as of September 30, 2003 and December 31, 2003 and for nine-month period ended September 30, 2003 and the year ended December 31, 2003 to comply with SFC's instructions.

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Notes to Non-Consolidated Financial Statements**

September 30, 2004 and 2003, and December 31, 2003

(Unaudited)

3. Cash and Due from Banks

Cash and due from banks as of September 30, 2004 and December 31, 2003 consist of:

		<u>2004</u>	<u>2003</u>
<i>(in millions of Korean won)</i>			
Cash on hand			
Cash in won		(Won) 3,023,458	(Won) 2,945,921
Cash in foreign currencies		139,945	228,153
		<u>3,163,403</u>	<u>3,174,074</u>
Due from banks in Won			
Bank of Korea	Reserve deposits in the Bank of Korea	4,446,922	2,612,248
Other banks	Time deposits		810
	Passbook deposits	29,279	8,185
	Certificate of deposit	98,632	
		<u>127,911</u>	<u>8,995</u>
Other financial institutions	Deposits at Hansol Mutual Savings & Finance Co., Ltd.	140,000	140,000
Others	Futures margin accounts	4	1,560
	Market participation margin	463	454
	KOSPI futures margin accounts	2,822	200
		<u>3,289</u>	<u>2,214</u>
		4,718,122	2,763,457
	Present value discounts ¹	(5,059)	(12,810)
		<u>4,713,063</u>	<u>2,750,647</u>
Due from banks in foreign currencies			
Bank of Korea	Demand deposits	67,923	12,415
Other banks	Demand deposits	83,859	71,879

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	Time deposits	15,502	
Others	Other deposits	5,616	3,354
Off-shore	Demand deposits	459,045	513,976
		631,945	601,624
		(Won) 8,508,411	(Won) 6,526,345

¹ Present value discounts are related to the (Won)140,000 million of time deposits (1% interest, scheduled in installments by the end of 2005) placed with Hansol Mutual Savings & Finance Co., Ltd. (previously, Bukook Mutual Savings & Finance Co., Ltd.).

The maturities of the due from banks as of September 30, 2004 are as follows:

	Due from Banks in Won	Due from Banks in Foreign Currencies	Total
<i>(in millions of Korean won)</i>			
Due in 3 months or less	(Won) 4,529,490	(Won) 501,653	(Won) 5,031,143
Due after 3 months through 6 months	121,132	114,790	235,922
Due after 6 months through 1 year	67,500	15,502	83,002
	(Won) 4,718,122	(Won) 631,945	(Won) 5,350,067

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Notes to Non-Consolidated Financial Statements****September 30, 2004 and 2003, and December 31, 2003****(Unaudited)**

Included in cash and due from banks as of September 30, 2004 are the following restricted deposits:

<i>(in millions of Korean won)</i>	<u>Amount</u>	<u>Restrictions</u>
Reserve deposits in the Bank of Korea	(Won) 4,446,922	General Banking Act
Deposits at Hansol Mutual Savings & Finance Co., Ltd.	140,000	Withdrawal at maturity
Due from banks in foreign currency	67,923	General Banking Act
Other deposits	3,719	Futures guarantee deposits
	<u>(Won) 4,658,564</u>	

See Report of Independent Accountants

Table of Contents**Kookmin Bank****Notes to Non-Consolidated Financial Statements****September 30, 2004 and 2003, and December 31, 2003****(Unaudited)****4. Securities**

Securities as of September 30, 2004 and December 31, 2003 consist of:

	<u>2004</u>	<u>2003</u>
<i>(in millions of Korean won)</i>		
Trading	(Won) 3,438,555	(Won) 4,482,948
Available-for-sale	15,361,559	15,894,974
Held-to-maturity	5,333,407	5,979,341
Investment in associates	569,945	551,199
	<u>(Won) 24,703,466</u>	<u>(Won) 26,908,462</u>

Trading, available-for-sale, and held-to-maturity securities as of September 30, 2004 and December 31, 2003 consist of:

	<u>Unrealized</u>		<u>Book Value</u>	
	<u>Gain</u>	<u>Loss</u>	<u>2004</u>	<u>2003</u>
<i>(in millions of Korean won)</i>				
Trading				
Equity securities	(Won) 15,542	(Won) 428	(Won) 164,613	(Won) 113,171
Beneficiary certificates	1	2	8,409	1,686,754
Government and municipal bonds	7,460	5	781,872	1,076,427
Corporate bonds	20,002	347	2,412,203	1,365,060
Asset-backed securities	219		71,458	241,536
	<u>(Won) 43,224</u>	<u>(Won) 782</u>	<u>(Won) 3,438,555</u>	<u>(Won) 4,482,948</u>

	<u>Impairment</u>		<u>Capital Adjustments</u>		<u>Book Value</u>	
	<u>Reversal</u>	<u>Loss</u>	<u>Gain</u>	<u>Loss</u>	<u>2004</u>	<u>2003^{1*}</u>
<i>(in millions of Korean won)</i>						

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Available-for-Sale							
Equity securities	(Won)	(Won) 17,154	(Won) 145,843	(Won) 9,012	(Won) 689,495	(Won)	439,791
Investment in funds		3	3,169		4,676		30,872
Beneficiary certificates			48,783	3	5,721,477		4,375,817
Government and municipal bonds			19,354		863,007		2,322,889
Foreign government bonds			1,794	111	36,470		28,153