

KOOKMIN BANK
Form 6-K
August 14, 2008
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 August 2008

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)

Edgar Filing: KOOKMIN BANK - Form 6-K

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

Form 20-F Form 40-F

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

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

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

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

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

Yes No

Table of Contents

Index

1. Summary of 2008 First Half Business Report

2. Exhibit 99.1-Kookmin Bank Review Report for the First Half of 2008

Table of Contents

TABLE OF CONTENTS

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>	8
1.4. <u>Dividend</u>	9
2. <u>Business</u>	10
2.1. <u>Source and Use of Funds</u>	10
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>Consolidated Condensed Financial Statements</u>	21
3.3. <u>Other Financial Information</u>	21
4. <u>Independent Public Accountants</u>	22
4.1. <u>Audit & Audit related Fees</u>	22
4.2. <u>Non-Audit Services</u>	22
5. <u>Corporate Governance and Affiliated Companies</u>	23
5.1. <u>Board of Directors & Committees under the Board</u>	23
5.2. <u>Audit Committee</u>	23
5.3. <u>Compensation to Directors</u>	24
5.4. <u>Affiliated Companies</u>	30
6. <u>Directors, Senior Management and Employees</u>	31
6.1. <u>Executive Directors</u>	31
6.2. <u>Non-Executive Directors</u>	31
6.3. <u>Senior Management</u>	32
6.4. <u>Employees</u>	33
7. <u>Major Stockholders and Related Party Transactions</u>	34
7.1. <u>Major Stockholders</u>	34
7.2. <u>Changes in the Largest Shareholder for the Recent Three Years</u>	34
7.3. <u>Investments in Affiliates</u>	34
7.4. <u>Related Party Transactions</u>	35
8. <u>Other Important Information for Investors</u>	36
8.1. <u>Progress Relating to Regulatory Filing</u>	36

Table of Contents

Summary of 2008 First Half Business Report

On August 14, 2008, Kookmin Bank filed its business report for the first half of 2008 (the Business Report) with the Financial Services Commission of Korea and the Korea Exchange. This is a summary of the Business Report translated into English.

Financial information contained in this summary (and in the attached review report) have been prepared in accordance with generally accepted accounting principles in Korea, which differ in certain important respects from generally accepted accounting principles in the United States.

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 KRW 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:

- n The banking business as prescribed by the Banking Act,
- n The trust business as prescribed by the Trust Business Act,
- n The credit card business as prescribed by the Specialized Credit Financial Business Act, and
- n Other businesses permitted by other relevant Korean laws and regulations

1.2. History

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

n November 9, 2001
Listed on the Korea Stock Exchange

n September 23, 2002
Integrated IT platforms of former Kookmin Bank and H&CB

n December 4, 2002
Entered into a strategic alliance agreement with ING Bank N.V. Amsterdam

n September 30, 2003
Completed the merger with Kookmin Credit Card

n December 16, 2003
Completed a strategic investment in Bank Internasional Indonesia (BII) by investing in a 25% stake in Sorak Financial Holdings, a consortium with other investors

Edgar Filing: KOOKMIN BANK - Form 6-K

n December 19, 2003

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

n April 29, 2004

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

n July 22, 2004

Entered into an alliance with China Construction Bank in connection with the foreign currency business

n August 31, 2004

ING Bank N.V. Amsterdam entered into a contract with Kookmin Bank for a strategic investment in KB Life Insurance Co., Ltd.

n October 29, 2004

Appointed Mr. Chung Won Kang as the President & CEO in an extraordinary general meeting of shareholders

Table of Contents

n December 31, 2004

The largest shareholder of Kookmin Bank changed from ING Bank N.V. Amsterdam to Euro-Pacific Growth Fund

n January 01, 2005

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

n March 02, 2005

Opened KB Satellite Broadcasting System, the first combined broadcasting system in Korea

n March 21, 2005

The largest shareholder of Kookmin Bank changed from Euro-Pacific Growth Fund to ING Bank N.V. Amsterdam

n June 16, 2005

Disposed of 27,423,761 shares of treasury stock by means of a combination of domestic over-the-counter-sales and an international issuance of depository receipts

n July 26, 2005

Obtained an approval from the FSS to use the Market Risk Internal Model for the first time among domestic financial institutions

n October 10, 2005

The largest shareholder of Kookmin Bank changed from ING Bank N.V. Amsterdam to Euro-Pacific Growth Fund

n February 2, 2006

Established the Basel II system to calculate credit risk weighted asset and new BIS capital adequacy ratio for the first time among domestic financial institutions

n April 3, 2006

Established 100% computerization of bank accounts for the first time among domestic financial institutions

n September 8, 2006

Implemented SOD (Segregation of Duties)

Edgar Filing: KOOKMIN BANK - Form 6-K

n December 11, 2006

Ranked Number 1 among banks in the National Customer Satisfaction Index(NCSI) by Korea Productivity Center

n April 27, 2007

Commenced principal stage of the Next Generation System development and new IT center construction

n October 31, 2007

Reappointed Mr. Chung Won Kang as the President & CEO in an extraordinary general meeting of shareholders

n November 14, 2007

Entered into a share purchase agreement to acquire a 95.8% stake in Hannuri Investment & Securities Co., Ltd.

Table of Contents

n December 11, 2007

Ranked Number 1 among banks for the second consecutive year and Number 1 among credit card businesses in the National Customer Satisfaction Index(NCSI) by Korea Productivity Center

n December 31, 2007

Became the first Korean bank to obtain approval from the FSS to use a Foundation Internal Ratings-based Approach for credit risks under Basel II.

n February 20, 2008

The largest shareholder of Kookmin Bank changed from Euro-Pacific Growth Fund to the Korean National Pension Service.

n March 11, 2008

Acquired a 95.8% stake in Hannuri Investment & Securities Co., Ltd., which was renamed KB Investment & Securities Co., Ltd.

n March 14, 2008

Entered into agreements to acquire up to 50.1% of the shares of Joint Stock Company Bank CenterCredit, a Kazakhstan Bank.

n March 20, 2008

Application for preliminary authorization to establish a financial holding company

n April 30, 2008

Resolution of the Board of Directors to approve the stock transfer plan to establish a financial holding company

n June 27, 2008

Preliminary approval granted by the Financial Services Commission to establish a financial holding company

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

Kookmin Bank has the 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 Kookmin Bank is authorized to issue shares of preferred stock up to one-half of all of Kookmin Bank's issued and outstanding shares of common stock. Upon completion of the merger between the former Kookmin Bank and H&CB, Kookmin Bank issued 299,697,462 common shares.

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

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 respect to the merger between Kookmin Bank and Kookmin Credit Card on September 30, 2003, Kookmin Bank issued an additional 8,120,431 common shares on October 1, 2003. Accordingly, as of June 30, 2008, a total of 336,379,116 common shares were issued.

Number of Shares

(Unit: shares) as of June 30, 2008

	Type	
	Common Stock	Total
Share Issued (A)	336,379,116	336,379,116
Treasury Stock (B)		
Share Outstanding (A-B)	336,379,116	336,379,116
Capital Increase		

(Unit: Won, shares)

Issue Date	Type	Number	Face Value	Issue Price	Remarks
2001.10.31	Common Stock	299,697,462	5,000		M&A into a new entity
2002.3.22	Common Stock	17,979,954	5,000	5,000	Stock dividend
2002.11.30	Common Stock	10,581,269	5,000	22,124	CB conversion
2003.10.01	Common Stock	8,120,431	5,000	38,100	M&A with KCC

1.3.2. Treasury Stock

(Unit: shares)

Date	Details	Number of shares
December 31, 2005	Outstanding Treasury Shares	217,935
January 13, 2006	Disposition due to exercise of stock option by grantees	(217,935)
As of June 30, 2008	Outstanding Treasury Shares	0

Table of Contents**1.3.3. Employee Stock Ownership Association**

(Unit: shares)

Type	Beginning Balance (January 1, 2008)	Increase	Decrease	Ending Balance (June 30, 2008)	Remarks
Registered common stock	2,729,756		188,452	2,541,304	
Total	2,729,756		188,452	2,541,304	

1.4. Dividend

The following table shows our dividend related information for the last three years. The Board of Directors of Kookmin Bank passed a resolution to pay a dividend for fiscal year of 2007, and shareholders of Kookmin Bank approved of the dividend payout for fiscal year 2007 at the general meeting of shareholders held on March 20, 2008.

(Unit: in millions of Won unless indicated otherwise)

	June 2008	2007	2006
Net (loss) income for the period		2,773,843	2,472,111
Diluted (loss) earnings per share (Won)		8,246 ¹	7,349
Total dividend amount		824,129	1,227,784
Dividend payout ratio (%)		29.71 ²	49.67
Cash dividend per common share (Won)		2,450	3,650
Stock dividend per common share (%)			
Dividend per preferred share (Won)			
Dividend yield ratio (%)		3.48 ³	4.90

¹ Earnings per share = net income (Won 2,773,843,133,424) / weighted average number of shares (336,379,116 shares).

² Dividend payout ratio = total dividend amount for common shares (Won 824,128,834,200) / net income (Won 2,773,843,133,424).

³ Dividend yield ratio = dividend per share (Won 2,450) / average closing price for a week based on business day prior to market closing date of December 31, 2007 (Won 70,475).

Table of Contents**2. Business****2.1. Source and Use of Funds****2.1.1. Source of Funds****[Bank Account]**

(Unit: in millions of Won, %)

		June 30, 2008		December 31, 2007		December 31, 2006	
		Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency	Deposits	119,163,504	3.93	109,901,995	3.23	111,324,234	2.91
	Certificate of deposit	23,096,410	5.91	14,683,182	5.19	8,408,753	4.53
	Borrowings	2,524,693	3.93	2,474,036	3.64	2,533,547	3.36
	Call money	840,449	4.90	1,553,396	4.79	2,300,768	4.09
	Other	40,196,777	5.84	36,902,539	5.52	28,332,243	5.13
Subtotal		185,821,833	4.60	165,515,148	3.93	152,899,545	3.43
Foreign currency	Deposits	1,796,979	2.23	1,723,594	2.80	1,489,895	2.37
	Borrowings	6,479,793	3.25	4,415,317	3.81	3,635,918	3.41
	Call money	1,261,483	3.29	538,081	5.04	527,600	4.74
	Debentures	2,969,339	3.35	2,820,166	5.18	1,530,941	4.49
	Other	190,159		91,227		59,296	
Subtotal		12,697,753	3.08	9,588,385	4.06	7,243,650	3.50
Other	Total Shareholders Equity	16,516,404		16,064,310		14,251,498	
	Allowances	961,692		924,317		1,004,895	
	Other	13,475,107		11,036,268		11,935,765	
Subtotal		30,953,203		28,024,895		27,192,158	
Total		229,472,789	3.89	203,128,428	3.40	187,335,353	2.94

Table of Contents**2.1.2. Use of Funds****[Bank Account]**

(Unit: in millions of Won, %)

		June 30, 2008		December 31, 2007		December 31, 2006	
		Average balance	Interest rate (%)	Average balance	Interest rate (%)	Average balance	Interest rate (%)
Won currency	Due from banks	18,716	0.84	27,232	0.99	190,902	3.66
	Securities	32,803,694	5.37	29,795,474	4.66	31,437,266	4.25
	Loans	154,201,932	6.86	134,549,458	6.60	120,688,857	6.44
	Advances for customers	18,617	11.17	28,717	1.51	13,122	2.27
	Call loan	1,244,140	5.01	646,821	4.81	823,293	4.25
	Private placement corporate bonds	5,879,340	5.69	7,599,124	5.42	5,702,726	5.43
	Credit card accounts	10,602,002	20.11	9,232,452	22.20	7,855,415	24.46
	Other	862,202		355,868		328,681	
	Allowance for credit losses (-)	-2,608,112		-2,340,182		-2,377,086	
	Subtotal	203,022,531	7.39	179,894,964	7.14	164,663,176	6.96
Foreign currency	Due from banks	215,716	1.28	323,370	3.94	486,764	4.31
	Securities	1,314,088	8.08	993,119	4.60	793,181	6.78
	Loans	8,620,183	3.59	7,610,703	4.51	6,561,903	4.06
	Call loan	359,629	3.28	424,043	4.84	261,483	4.77
	Bills bought	1,893,325	4.61	1,421,642	5.95	1,326,578	5.51
	Other	1,058		1,815		1,798	
	Allowance for credit losses (-)	-111,876		-84,723		-65,952	
Subtotal	12,292,123	4.24	10,689,969	4.78	9,365,755	4.61	
Other	Cash	1,090,536		1,079,189		966,002	
	Fixed assets held for business	2,580,827		2,540,601		2,397,111	
	Other	10,486,772		8,923,705		9,943,309	
Subtotal	14,158,135		12,543,495		13,306,422		
Total	229,472,789	6.76	203,128,428	6.58	187,335,353	6.35	

Table of Contents**2.1.3. Fee Transactions**

(Unit: in millions of Won)

		June 30, 2008	June 30, 2007	December 31, 2007
Fee Revenue (A)				
Won currency	Guarantees	5,321	3,323	7,535
	Commissions received	564,405	529,420	1,202,814
	Credit card	82,179	73,536	153,876
	National Housing Fund Mgt.	53,288	82,561	121,700
Foreign currency	Guarantees	8,741	3,369	8,315
	Others	49,499	38,576	76,842
Subtotal		763,433	730,785	1,571,082
Fee Expense (B)				
Won & foreign currency	Commissions paid in Won	118,014	92,059	208,494
	Credit card	181,780	152,471	350,889
	Others	17,613	19,095	33,740
Subtotal		317,407	263,625	593,123
Fee Income (A-B)		446,026	467,160	977,959

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)

		June 30, 2008		December 31, 2007		December 31, 2006	
		Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Deposits in Won	Demand deposits	18,261,780	19,938,779	18,027,342	19,759,190	16,896,730	20,179,568
	Time & savings deposits	100,188,694	103,586,082	89,417,348	93,809,636	89,613,715	91,156,790
	Mutual installment deposits	2,662,626	2,343,333	3,474,443	3,038,971	4,302,015	3,833,573
	Mutual installment for housing	2,763,892	2,608,351	3,425,419	2,973,114	4,221,249	3,842,727
	Certificate of deposit	23,096,410	26,607,572	14,683,182	17,617,643	8,408,753	9,579,701
Subtotal		146,973,402	155,084,117	129,027,734	137,198,554	123,442,462	128,592,359
Deposits in foreign currency		1,796,979	1,706,831	1,723,594	1,660,137	1,489,895	1,427,557
Trust deposits	Money trust	8,767,436	9,501,201	8,906,983	8,363,610	9,047,669	9,627,037
	Property trust	4,264,908	3,649,070	5,556,671	5,365,233	8,491,099	6,631,376
Subtotal		13,032,344	13,150,271	14,463,654	13,728,843	17,538,768	16,258,413
Total		161,802,725	169,941,219	145,214,982	152,587,534	142,471,125	146,278,329

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)

	June 30, 2008	December 31, 2007	December 31, 2006
Deposits	135,102	124,446	124,123
Deposits in Won	133,721	123,055	122,904

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)

	June 30, 2008	December 31, 2007	December 31, 2006
Deposits	8,747	7,901	7,799
Deposits in Won	8,658	7,812	7,722

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)

	June 30, 2008		December 31, 2007		December 31, 2006	
	Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Loans in Won	154,190,280	163,546,973	134,539,050	146,260,926	120,680,825	125,574,817
Loans in foreign currency	8,620,183	10,023,618	7,610,703	7,498,780	6,561,902	7,261,811
Advances for customers	18,617	13,423	28,717	28,695	13,122	19,209
Subtotal	162,829,080	173,584,014	142,178,470	153,788,401	127,255,849	132,855,837
Trust account loans	439,581	476,366	408,301	415,786	351,880	403,552
Total	163,268,661	174,060,380	142,586,771	154,204,187	127,607,729	133,259,389

2.2.5. Loan Balances as of June 30, 2008 by Maturity

(Unit: in millions of Won)

	1 year or less	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Loans in Won	72,627,529	36,220,596	6,058,473	48,640,375	163,546,973
Loans in foreign currency	6,093,044	2,243,152	859,923	827,499	10,023,618

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

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

(Unit: in millions of Won)

		June 30, 2008	December 31, 2007	December 31, 2006
Loans to enterprise	Loans for operations	50,948,081	43,508,536	33,054,421
	Loans for facility	15,786,413	12,401,652	6,103,249
Loans to households		50,828,616	47,705,207	46,509,920
Loans to public sector & others	Loans for operations	2,280,603	1,430,050	894,178
	Loans for facility	46,952	24,450	3,687
Loans on property formation savings		612	702	1,013
Loans for housing		43,655,233	41,189,639	39,007,176
Others		463	690	1,173
Total		163,546,973	146,260,926	125,574,817

2.2.7. Loan to Deposit Ratio¹

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

(Unit: in millions of Won, %)

	June 30, 2008	December 31, 2007	December 31, 2006
Loans (A)	154,190,280	134,539,050	120,680,825
Deposits (B)	146,973,402	129,027,734	123,442,462
Loan to deposit ratio (A/B)	104.91	104.27	97.76

2.2.8. Guarantees

(Unit: in millions of Won)

	June 30, 2008	December 31, 2007	December 31, 2006
Determined	7,178,057	5,297,910	2,704,307
Contingent	6,270,605	3,944,524	2,304,434
Total	13,448,662	9,242,434	5,008,741

¹ Average balance of loans in Won / average balance of (deposits in Won + certificates of deposit)

Table of Contents**2.2.9. 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)

		June 30, 2008		December 31, 2007		December 31, 2006	
		Average balance	Ending balance	Average balance	Ending balance	Average balance	Ending balance
Securities in Won (Bank account)	Monetary stabilization bonds	5,791,346	3,639,548	7,736,323	6,075,608	11,803,683	8,534,765
	Government and public bonds	11,596,326	11,849,945	11,225,989	11,216,456	10,035,180	10,117,416
	Debentures	18,024,149	18,865,276	16,342,485	16,350,155	11,847,016	14,140,083
	Stocks	2,005,088	2,131,124	1,740,024	1,750,283	1,575,806	2,515,385
	Others	1,266,125	1,269,309	349,777	370,240	1,878,308	744,896
Subtotal		38,683,034	37,755,202	37,394,598	35,762,742	37,139,993	36,052,545
Securities in Won (Trust account)	Monetary stabilization bonds	906,997	746,861	1,235,530	980,810	1,247,444	1,524,511
	Government and public bonds	1,078,859	1,242,738	1,252,644	1,123,819	1,090,228	1,216,613
	Debentures	1,228,870	1,124,552	1,707,174	1,374,010	1,937,309	1,815,093
	Stocks	483,517	465,593	567,221	490,118	756,900	769,212
	Others	2,743,952	2,964,306	2,585,637	2,538,954	3,837,714	2,873,202
Subtotal		6,442,195	6,544,050	7,348,206	6,507,711	8,869,595	8,198,631
Securities in foreign currency (Trust account)		7,182		22,154	12,449	110,472	32,661
Securities in foreign currency (Bank account)	Foreign securities	1,022,702	1,164,186	720,035	927,610	559,343	613,078
	Off-shore foreign securities	291,386	308,380	273,084	273,188	233,838	216,066
Subtotal		1,314,088	1,472,566	993,119	1,200,798	793,181	829,144
Total		46,446,499	45,771,818	45,758,077	43,483,700	46,913,241	45,112,981

2.2.10. Trust Account

(Unit: in millions of Won)

		June 30, 2008		December 31, 2007		December 31, 2006	
		Average amount trusted	Trust fees	Average amount trusted	Trust fees	Average amount trusted	Trust fees
Return-guaranteed trust		279	8,495	296	12,928	325	11,295
Performance trust		13,032,065	23,557	14,463,358	57,384	17,538,443	67,209

Total	13,032,344	32,052	14,463,654	70,312	17,538,768	78,504
--------------	-------------------	---------------	-------------------	---------------	-------------------	---------------

Table of Contents**2.2.11. Credit Card**

(Unit: in millions of Won, number of individuals and merchants)

		As of or for the years ended of indicated dates		
		June 30, 2008	December 31, 2007	December 31, 2006
Number of card holders	Corporate	211,341	173,122	173,190
	Individual	8,915,134	8,518,930	8,883,738
Number of merchants		1,816,060	1,751,826	1,610,446
Sales volume¹		36,711,092	68,516,441	63,929,192
Fee revenue		1,146,431	2,207,975	2,189,014

2.3. Branch Networks

As of June 30, 2008, we had 1,126 branches (including the head office) and 93 sub-branches in Korea; 482 of our branches and sub-branches are located in Seoul.

We also have four overseas branches and three overseas representative offices. The overseas branches are located in Tokyo, Japan; New York, U.S.A.; Auckland, New Zealand; and Guangzhou, People's Republic of China. The overseas representative offices located are in Almaty, Kazakhstan; Ho Chi Minh City, Vietnam; and Kyiv, Ukraine.

We plan to open a total of 56 new domestic branches and sub-branches during 2008 (including 19 branches and sub-branches opened during the first half of 2008). We also plan to establish an overseas branch in Harbin, People's Republic of China, during 2008. These plans are subject to change depending on market conditions, regulatory approvals or other factors.

¹ Includes lump-sum and installment purchases, cash advances, and check card and purchasing card transactions.

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

(Unit: in millions of Won, %)

	June 30, 2008 ¹	December 31, 2007	December 31, 2006
Risk-adjusted capital (A)	18,890,698	19,634,235	18,751,151
Risk-weighted assets (B)	150,883,497	155,598,835	132,373,478
BIS ratio (A/B)	12.52	12.62	14.17

2.4.2. Non-Performing Loans

(Unit: in millions of Won, %)

	June 30, 2008		December 31, 2007		Change Ratio of NPL to total loans
	Amount	Ratio of NPL to total loans	Amount	Ratio of NPL to total loans	
	1,114,312	0.56%	1,096,470	0.62%	0.06 percentage point decrease

2.4.3. Loan Loss Allowances²

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

(Unit: in millions of Won)

		June 30, 2008	December 31, 2007	December 31, 2006
Loan loss allowance	Domestic	2,794,526	2,609,414	2,458,307
	Foreign	9,655	6,583	4,772
	Total	2,804,181	2,615,997	2,463,079
Write-Off		443,374	822,794	1,693,468

¹ The figures for June 30, 2008 are calculated based on Basel II and are preliminary estimates that are subject to change. The preliminary estimates for June 30, 2008, calculated based on Basel I for comparative purposes, are as follows:

* Risk-adjusted capital: Won 20,308,289 million

* Risk-weighted assets: Won 177,524,346 million

* BIS ratio: 11.44%

² Includes allowance for other assets.

Table of Contents**2.4.4. Changes in Loan Loss Allowances for Recent Three Years¹**

(Unit: in millions of Won)

	June 30, 2008	December 31, 2007	December 31, 2006
Beginning balance	2,501,865	2,360,867	2,453,275
Net Write-Off	(219,506)	(375,598)	(1,034,059)
Write-Off	(441,960)	(817,358)	(1,680,331)
Recovery	257,725	530,637	474,278
Other	(35,271)	(88,877)	171,994
Provision for loan losses	399,655	516,596	941,651
Ending balance	2,682,014	2,501,865	2,360,867

¹ Includes present value discounts and excludes allowance for other assets.

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

(Unit: in millions of Won)

	As of or for the period ended	
	June 30, 2008	December 31, 2007
Cash and due from banks	6,602,042	6,544,754
Securities	33,653,467	30,777,359
Loans	191,142,034	171,549,993
Tangible assets	2,242,485	2,298,743
Other assets	11,339,233	7,695,189
Total assets	244,979,261	218,866,038
Deposits	156,791,555	138,858,691
Borrowings	54,535,929	50,250,481
Other liabilities	17,257,590	13,719,105
Total liabilities	228,585,074	202,828,277
Common stock	1,681,896	1,681,896
Capital surplus	6,273,290	6,269,263
Capital adjustments	0	0
Accumulated other comprehensive income	271,746	345,446
Retained earnings	8,167,255	7,741,156
Total shareholders' equity	16,394,187	16,037,761
Liabilities and Shareholders' Equity	244,979,261	218,866,038
Operating revenue	15,383,836	21,281,826
Operating income	1,682,252	4,233,386
Income from continuing operations	1,768,978	4,529,870
Income before income tax	1,768,978	4,529,870
Net (loss) income	1,275,853	2,773,843

Table of Contents**3.2. Consolidated Condensed Financial Statements**

(Unit: in millions of Won, number of subsidiaries)

	As of or for the year ended	
	December 31, 2007	December 31, 2006
Cash and due from banks	6,727,411	6,688,977
Securities	34,239,723	32,588,135
Loans	171,730,131	150,017,861
Tangible assets	2,301,464	2,139,486
Other assets	8,045,715	7,478,977
Total assets	223,044,444	198,913,436
Deposits	142,100,520	133,296,975
Borrowings	50,170,776	38,786,899
Other liabilities	14,666,041	11,701,501
Total liabilities	206,937,337	183,785,375
Common stock	1,681,896	1,681,896
Capital surplus	6,274,535	6,274,831
Retained earnings	7,775,285	6,241,912
Capital adjustments	0	0
Accumulated other comprehensive income	331,159	885,141
Minority interests	44,232	44,281
Total shareholders equity	16,107,107	15,128,061
Liabilities and Shareholders Equity	223,044,444	198,913,436
Operating revenue	22,154,335	20,319,778
Operating income	4,280,654	3,250,034
Income from continuing operations	4,544,746	3,424,562
Income before income tax	4,544,746	3,424,562
Net (loss) income	2,762,198	2,467,006
Controlling company interests, gain (loss)	2,757,316	2,458,260
No. of subsidiaries included in the consolidation	10	11

3.3. Other Financial Information

See Exhibit 99.1 Kookmin Bank Review Report by our independent auditors for our full financial statements and relevant notes, which have been prepared in accordance with generally accepted accounting principles in Korea. The Review Report will also be available on our website, www.kbstar.com.

Table of Contents

4. Independent Public Accountants

4.1. Audit & Audit related Fees

Deloitte Anjin LLC has reviewed our financial statements for the first half of 2008. The aggregate contracted amount of such firm's audit and review fees for the year 2008 is Won 1,490 million.

4.2. Non-Audit Services

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

(Unit: in millions of Won unless indicated otherwise)

Year	Service description	Amount of payment
1H 2008		
2007	- Issuance of comfort letter	90
	- Issuance of comfort letter	70
	- Agreement for issuance of comfort letter ¹	50
2006	- Issuance of comfort letter	40
	- Confirmation of BIS ratio and confirmation affirming that Kookmin Bank is not a Non-Financial Operator	10

¹ The Agreement for issuance of comfort letter has been terminated.

Table of Contents

5. Corporate Governance and Affiliated Companies

5.1. Board of Directors & Committees under the Board

The board of directors, currently consisting of executive directors and non-executive directors, holds regular meetings quarterly. Additional extraordinary meetings may also be convened at the request of any director or any committee that serves under the board of directors.

The board of directors resolves following matters:

- n Matters relating to general meeting of shareholders
- n Matters relating to general management
- n Matters relating to organization and directors of the company
- n Matters relating to funding and capital
- n Other related matters

The following committees currently serve under our board of directors:

- n The Board Steering Committee
- n The Management Strategy Committee
- n The Risk Management Committee
- n The Evaluation & Compensation Committee
- n The Audit Committee
- n The Non-Executive Director Nominating Committee

For the 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

The audit committee oversees our financial reporting and approves the appointment of and interaction among 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. The committee also examines the agenda for, and financial statements and other reports to be submitted by, the board of directors to each general meeting of

shareholders. The committee holds regular meetings every quarter and on an as-needed basis.

Table of Contents**5.3. Compensation to Directors****5.3.1. Compensation to Directors**

The following table shows information regarding the remuneration paid to the Directors in the first half of 2008.

(Unit: in millions of Won)

	The aggregate remuneration paid (From January to June 2008)	Limit for the remuneration resolved by shareholders meeting (For the year 2008)	Average amount of the payment per person (From January to June 2008)	Total fair value of stock option ¹	Weight (%)
1) Executive Directors (Except Chief Audit Executive and Non-executive Directors)	2,705		849		
2) Non-executive Directors (Except members of Audit Committee)	170	8,000	34₂	74	
3) Members of Audit Committee (Including Chief Audit Executive)	781		150₂	112	
Total	3,656	8,000	1,033	186	

¹ For those portions of stock options granted on or before December 31, 2006, we used the intrinsic value model to calculate the total fair value of stock option. For those portions of stock options granted on or after January 1, 2007, we adopted the Black-Scholes option pricing model to calculate the total fair value of stock option.

The following negative values, resulting from calculation according to the intrinsic value method and the fair value method, are excluded from this table: (-3,824) million Won (Executive Directors (except Chief Audit Executive and Non-executive Directors)), (-49) million Won (Non-executive Directors (except members of Audit Committee)).

² Reflects the changes made to the number of non-executive directors in March and May of 2008.

Table of Contents**5.3.2. Stock Options**

The following table is the breakdown of stock options Kookmin Bank has granted to the directors and employees as of June 30, 2008.

(Unit: in Won, shares)

Grant date	Name of the grantee	Position when granted	Exercise period		Exercise price	Number of granted options ¹	Number of exercised options	Number of exercisable options
			From	To				
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	In Kie Kim	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
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	Se Woong Lee	Non Executive Director	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jong Min Lee	Chief Audit Executive	16-Mar-04	15-Mar-09	28,027	14,807	2,807	12,000
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	Duk Hyun Kim	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	4,845	7,000
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	Ok Hyun Yoon	Executive Vice President	16-Mar-04	15-Mar-09	28,027	11,845	7,845	4,000
15-Mar-01	Sang Hoon Lee	Employee	16-Mar-04	15-Mar-09	28,027	2,961	2,461	500
15-Mar-01	Jae In Suh	Employee	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Jong Hwa Lee	Employee	16-Mar-04	15-Mar-09	28,027	2,961	2,461	500
15-Mar-01	Sang Won Lee	Employee	16-Mar-04	15-Mar-09	28,027	2,961	0	2,961
15-Mar-01	Joon Ho Park	Employee	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Jeong Haing Lee	Employee	16-Mar-04	15-Mar-09	28,027	592	592	0
15-Mar-01	Tae Joo Yoon	Employee	16-Mar-04	15-Mar-09	28,027	10	0	10
15-Mar-01	Si An Her	Employee	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Seok Won Choi	Employee	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Yong Soo Shin	Employee	16-Mar-04	15-Mar-09	28,027	370	0	370
15-Mar-01	Young Mo Lee	Employee	16-Mar-04	15-Mar-09	28,027	592	0	592
15-Mar-01	Sung Gil Lee	Employee	16-Mar-04	15-Mar-09	28,027	370	370	0
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	Jun Chae Song	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
22-Mar-01	Myoung Woo Lee	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	4,429	0	4,429
22-Mar-01	Han Kyoung Lee	Former KCC Officer	23-Mar-04	22-Mar-11	71,538	6,644	0	6,644
16-Nov-01								