

KOOKMIN BANK
Form 6-K
November 14, 2006
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

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

For the month of November 2006

Kookmin Bank

(Translation of registrant's name into English)

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

(Address of principal executive office)

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

Form 20-F Form 40-F

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

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

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

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's

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securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

Yes No

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Summary of 2006 Third Quarter Business Report

On November 14, 2006, pursuant to the Securities and Exchange Act of Korea, Kookmin Bank filed its business report for the third quarter of 2006 (the Business Report) to the Financial Supervisory Commission of Korea and the Korea Exchange. This is a summary of the Business Report translated into English.

All 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 in this document are to the currency of the Republic of Korea.

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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 Banking Trust Act,
- n The credit card business as prescribed by the Specialized Credit Financial Business Act, and
- n Other business permitted by the Bank Act or 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 old Kookmin Bank and H&CB

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

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

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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 Insurance Co. Ltd., to engage in insurance business

July 22, 2004

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

August 31, 2004

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

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n October 29, 2004
Appointed Mr. Chung Won Kang as the President & CEO in an extraordinary general shareholders meeting

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 KB labor union

n March 02, 2005
Opened KB Satellite Broad Casting System for the first time 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 FSS to use the Market Risk Internal Model for the first time among domestic financial institutions

n October 14, 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 March 24, 2006
Selected as the preferred bidder for the acquisition of Korea Exchange Bank

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n April 3, 2006

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

n May 19, 2006

Entered into a share purchase agreement with respect to acquiring Korea Exchange Bank stock

n September 8, 2006

Implemented SOD (Segregation of Duties)

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 it 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 September 30, 2006, a total of 336,379,116 common shares were issued.

Number of Shares

(Unit: share)

| | 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, share)

| 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: share)

| 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 |
| September 30, 2006 | Outstanding Treasury Shares | 0 |

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

(Unit: share)

| Type | Beginning Balance (January 1, 2006) | Increase | Decrease | Ending | Remarks |
|-------------------------|---|----------|---------------|------------------------------------|---------|
| | | | | Balance (September 30, 2006) | |
| Registered common stock | 2,868,596 | | 70,032 | 2,798,564 | |
| Total | 2,868,596 | | 70,032 | 2,798,564 | |

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 dividend for the fiscal year of 2005, and shareholders of Kookmin Bank approved of the dividend payout for that year at the general shareholders meeting held on March 24, 2006

(Unit: in millions of Won unless indicated otherwise)

| | September 2006 | 2005 | 2004 |
|---|-------------------|--------------------|---------|
| Net (loss) income for the period | | 2,252,218 | 360,454 |
| Diluted (loss) earnings per share (Won) | | 6,977 ¹ | 1,176 |
| Total dividend amount | | 184,889 | 168,574 |
| Dividend payout ratio (%) | | 8.21 ² | 46.77 |
| Cash dividend per common share (Won) | | 550 | 550 |
| Stock dividend per common share (%) | | | |
| Dividend per preferred share (Won) | | | |
| Dividend yield ratio (%) | | 0.72 ³ | 1.42 |

¹ Earnings per share = net income (2,252,218,097,725 Won) / weighted average number of shares (322,785,751 shares).

² Dividend payout ratio = total dividend amount for common shares (184,888,649,550 Won) / net income (2,252,218,097,725 Won).

³ Dividend yield ratio = dividend per share (550 Won) / average closing price for a week based on business day prior to market closing date of December 31, 2005 (76,000 Won).

Table of Contents**2. Business****2.1. Source and Use of Funds****2.1.1. Source of Funds**

(Unit: in millions of Won)

| | September 30, 2006 | | December 31, 2005 | | December 31, 2004 | |
|---------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | Average balance | Interest rate (%) | Average balance | Interest rate (%) | Average balance | Interest rate (%) |
| Won currency | | | | | | |
| Deposits | 111,022,278 | 2.87 | 114,394,983 | 2.82 | 118,017,849 | 3.29 |
| Certificate of deposit | 7,703,070 | 4.44 | 5,008,378 | 3.69 | 6,108,179 | 4.06 |
| Borrowings | 2,594,294 | 3.33 | 2,674,268 | 3.02 | 3,053,890 | 3.43 |
| Call money | 2,590,462 | 4.03 | 931,968 | 3.24 | 1,117,576 | 3.55 |
| Other | 27,193,829 | 5.07 | 24,315,388 | 5.08 | 23,376,439 | 5.61 |
| Subtotal | 151,103,933 | 3.37 | 147,324,985 | 3.23 | 151,673,933 | 3.68 |
| Foreign currency | | | | | | |
| Deposits | 1,456,674 | 2.27 | 1,473,811 | 1.61 | 1,777,402 | 0.61 |
| Borrowings | 3,530,593 | 3.29 | 3,231,480 | 2.06 | 2,796,300 | 0.94 |
| Call money | 643,733 | 4.68 | 285,573 | 3.48 | 145,809 | 1.43 |
| Finance debentures issued | 1,377,477 | 4.39 | 765,723 | 4.09 | 824,745 | 2.28 |
| Other | 56,219 | | 52,592 | | 40,383 | |
| Subtotal | 7,064,696 | 3.39 | 5,809,179 | 2.26 | 5,584,639 | 1.04 |
| Other | | | | | | |
| Total Shareholders Equity | 13,802,573 | | 11,369,246 | | 9,284,477 | |
| Allowances | 1,012,029 | | 677,036 | | 459,124 | |
| Other | 11,884,267 | | 12,041,392 | | 12,773,040 | |
| Subtotal | 26,658,869 | | 24,087,674 | | 22,516,641 | |
| Total | 184,827,498 | 2.89 | 177,221,838 | 2.76 | 179,775,213 | 3.14 |

Table of Contents**2.1.2. Use of Funds**

(Unit: in millions of Won)

| | September 30, 2006 | | December 31, 2005 | | December 31, 2004 | |
|-----------------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | Average balance | Interest rate (%) | Average balance | Interest rate (%) | Average balance | Interest rate (%) |
| Won currency | | | | | | |
| Due from banks | 246,585 | 3.79 | 304,662 | 2.97 | 184,593 | 0.83 |
| Securities | 31,742,840 | 4.54 | 27,676,964 | 4.58 | 23,930,678 | 5.14 |
| Loans | 119,219,161 | 6.43 | 120,539,476 | 6.24 | 125,504,672 | 6.64 |
| Advances for customers | 12,844 | 2.11 | 23,947 | 8.64 | 71,213 | 2.01 |
| Call loan | 825,216 | 4.13 | 1,473,725 | 3.43 | 1,661,772 | 3.78 |
| Private placement corporate bonds | 5,229,157 | 5.48 | 1,887,514 | 6.95 | 1,322,470 | 6.58 |
| Credit card accounts | 7,600,084 | 24.96 | 7,321,906 | 26.93 | 9,581,330 | 26.80 |
| Other | 291,668 | | 267,061 | | 172,783 | |
| Allowance for credit losses (-) | -2,351,332 | | -3,034,841 | | -3,844,940 | |
| Subtotal | 162,816,223 | 7.01 | 156,460,414 | 7.06 | 158,584,571 | 7.81 |
| Foreign currency | | | | | | |
| Due from banks | 485,922 | 4.25 | 598,015 | 2.88 | 632,526 | 1.34 |
| Securities | 784,160 | 6.99 | 858,565 | 6.15 | 1,208,124 | 3.88 |
| Loans | 6,239,658 | 3.91 | 4,745,013 | 2.97 | 4,011,351 | 2.73 |
| Call loan | 301,559 | 4.69 | 132,210 | 3.24 | 114,606 | 1.63 |
| Bills bought | 1,314,409 | 5.43 | 1,037,144 | 4.64 | 568,502 | 4.07 |
| Other | 1,815 | | 2,209 | | 4,812 | |
| Allowance for credit losses (-) | -61,707 | | -64,290 | | -94,501 | |
| Subtotal | 9,065,816 | 6.82 | 7,308,866 | 3.68 | 6,445,420 | 3.03 |
| Other | | | | | | |
| Cash | 956,328 | | 956,471 | | 965,852 | |
| Fixed assets held for business | 2,392,973 | | 2,508,879 | | 3,084,589 | |
| Other | 9,569,158 | | 9,987,208 | | 10,694,781 | |
| Subtotal | 12,945,459 | | 13,452,558 | | 14,745,222 | |
| Total | 184,827,498 | 6.40 | 177,221,838 | 6.38 | 179,775,213 | 7.00 |

Table of Contents**2.1.3. Fee Transactions**

(Unit: in millions of Won)

| | September 30, 2006 | September 30, 2005 | December 31, 2005 |
|----------------------------|--------------------|--------------------|-------------------|
| Fee Revenue (A) | | | |
| Won currency | | | |
| Guarantees | 4,382 | 3,975 | 5,336 |
| Commissions received | 688,929 | 590,669 | 804,933 |
| Credit card | 94,564 | 74,181 | 104,930 |
| National Housing Fund Mgt. | 123,756 | 128,703 | 179,540 |
| Foreign currency | | | |
| Guarantees | 4,093 | 3,005 | 4,227 |
| Others | 59,384 | 57,790 | 78,715 |
| Subtotal | 975,108 | 858,323 | 1,177,681 |
| Fee Expense (B) | | | |
| Won & foreign currency | | | |
| Commissions paid in Won | 120,826 | 77,934 | 119,539 |
| Credit card | 176,163 | 152,885 | 210,315 |
| Others | 21,823 | 16,281 | 22,692 |
| Subtotal | 318,812 | 247,100 | 352,546 |
| Fee Income (A-B) | 656,296 | 611,223 | 825,135 |

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, 2006 | | December 31, 2005 | | December 31, 2004 | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Average | Ending | Average | Ending | Average | Ending |
| | balance | balance | balance | balance | balance | balance |
| Deposits in Won | | | | | | |
| Demand deposits | 16,621,893 | 18,671,975 | 14,985,812 | 17,946,067 | 12,994,946 | 14,338,784 |
| Time & savings deposits | 89,302,950 | 89,572,005 | 92,463,027 | 91,863,790 | 96,637,551 | 94,723,601 |
| Mutual installment deposits | 4,432,395 | 3,979,243 | 5,674,807 | 5,120,668 | 6,682,928 | 6,306,923 |
| Mutual installment for housing | 4,317,457 | 4,038,389 | 4,942,334 | 4,582,031 | 5,453,713 | 5,295,274 |
| Certificate of deposit | 7,703,070 | 10,745,697 | 5,008,378 | 5,389,543 | 6,108,179 | 4,911,891 |
| Subtotal | 122,377,765 | 127,007,309 | 123,074,358 | 124,902,099 | 127,877,317 | 125,576,473 |
| Deposits in foreign currency | 1,456,674 | 1,483,371 | 1,473,811 | 1,379,133 | 1,769,828 | 1,434,061 |
| Trust deposits | | | | | | |
| Money trust | 8,776,806 | 9,844,473 | 7,114,352 | 7,405,675 | 7,701,447 | 7,028,835 |
| Property trust | 8,862,515 | 8,000,410 | 11,032,320 | 9,854,012 | 16,297,382 | 12,534,329 |
| Subtotal | 17,639,321 | 17,844,883 | 18,146,672 | 17,259,687 | 23,998,829 | 19,563,164 |
| Total | 141,473,760 | 146,335,563 | 142,694,841 | 143,540,919 | 153,645,974 | 146,573,698 |

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, 2006 | December 31, 2005 | December 31, 2004 |
|------------------------|--------------------|-------------------|-------------------|
| Deposits | 123,647 | 123,532 | 123,945 |
| Deposits in Won | 122,460 | 122,358 | 122,585 |

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, 2006 | December 31, 2005 | December 31, 2004 |
|------------------------|--------------------|-------------------|-------------------|
| Deposits | 7,733 | 7,725 | 7,232 |
| Deposits in Won | 7,659 | 7,652 | 7,152 |

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, 2006 | | December 31, 2005 | | December 31, 2004 | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Average | Ending | Average | Ending | Average | Ending |
| | balance | balance | balance | balance | balance | balance |
| Loans in Won | 119,212,299 | 122,690,626 | 120,532,216 | 118,565,341 | 125,496,237 | 122,721,898 |
| Loans in foreign currency | 6,239,658 | 7,660,726 | 4,745,013 | 5,314,883 | 4,011,351 | 3,860,828 |
| Advances for customers | 12,844 | 10,553 | 23,947 | 11,321 | 73,801 | 32,120 |
| Subtotal | 125,464,801 | 130,361,905 | 125,301,176 | 123,891,545 | 129,581,389 | 126,614,846 |
| Trust account loans | 343,412 | 364,725 | 334,404 | 328,127 | 429,054 | 361,906 |
| Total | 125,808,213 | 130,726,630 | 125,635,580 | 124,219,672 | 130,010,443 | 126,976,752 |

2.2.5. Loan Balances as of September 30, 2006 by Maturity

(Unit: in millions of Won)

| | More than 1 year~ | | More than 3 years~ | | Total |
|----------------------------------|-------------------|-------------------|--------------------|-------------------|--------------------|
| | 1 year & Less | 3 years | 5 years | More than 5 years | |
| Loans in Won | 61,779,820 | 21,452,867 | 8,226,490 | 31,231,449 | 122,690,626 |
| Loans in foreign currency | 5,204,282 | 1,347,832 | 749,392 | 359,220 | 7,660,726 |

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, 2006 | December 31, 2005 | December 31, 2004 |
|--|--------------------|--------------------|--------------------|
| Loans to enterprise | | | |
| Loans for operations | 33,123,378 | 30,498,328 | 31,678,117 |
| Loans for facility | 5,536,178 | 5,073,050 | 6,286,747 |
| Loans to households | 44,989,618 | 42,771,264 | 42,790,337 |
| Loans to public sector & others | | | |
| Loans for operations | 739,946 | 643,141 | 673,456 |
| Loans for facility | 4,351 | 34,157 | 40,383 |
| Loans on property formation savings | 1,115 | 6,748 | 9,719 |
| Loans for housing | 38,294,500 | 39,535,441 | 41,234,086 |
| Inter-bank loans | 147 | 1,274 | 6,114 |
| Others | 1,393 | 1,938 | 2,939 |
| Total | 122,690,626 | 118,565,341 | 122,721,898 |

2.2.7. Loan to Deposit Ratio¹

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

(Unit: in millions of Won, %)

| | September 30, 2006 | December 31, 2005 | December 31, 2004 |
|------------------------------------|--------------------|--------------------|--------------------|
| Loans (A) | 119,212,299 | 120,532,216 | 125,496,237 |
| Deposits (B) | 122,377,765 | 123,074,358 | 127,877,317 |
| Loan to deposit ratio (A/B) | 97.41 | 97.93 | 98.14 |

2.2.8. Guarantees

(Unit: in millions of Won)

| | September 30, 2006 | December 31, 2005 | December 31, 2004 |
|-------------------|--------------------|-------------------|-------------------|
| Determined | 2,585,508 | 1,789,560 | 975,788 |
| Contingent | 2,277,457 | 1,972,192 | 1,311,774 |
| Total | 4,862,965 | 3,761,752 | 2,287,562 |

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

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)

| | September 30, 2006 | | December 31, 2005 | | December 31, 2004 | |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Average | Ending | Average | Ending | Average | Ending |
| | balance | balance | balance | balance | balance | balance |
| Securities in Won (Banking account) | | | | | | |
| Monetary stabilization bonds | 12,351,593 | 12,757,046 | 10,667,229 | 11,570,306 | 7,150,535 | 10,524,835 |
| Government and public bonds | 9,944,637 | 10,110,257 | 6,950,886 | 8,933,401 | 4,753,135 | 4,675,093 |
| Debentures | 11,168,851 | 13,608,259 | 7,334,555 | 9,184,403 | 7,013,765 | 6,152,749 |
| Stocks | 1,551,447 | 1,924,303 | 1,243,781 | 1,707,816 | 1,003,131 | 1,282,050 |
| Others | 1,955,469 | 1,860,640 | 3,368,027 | 2,105,353 | 5,332,583 | 5,583,539 |
| Subtotal | 36,971,997 | 40,260,505 | 29,564,478 | 33,501,279 | 25,253,149 | 28,218,266 |
| Securities in Won (Trust account) | | | | | | |
| Monetary stabilization bonds | 1,154,314 | 1,519,117 | 999,522 | 981,949 | 1,222,004 | 1,152,621 |
| Government and public bonds | 1,073,837 | 1,152,584 | 993,450 | 1,013,355 | 922,790 | 837,080 |
| Debentures | 1,962,829 | 1,917,322 | 1,979,588 | 2,017,298 | 2,363,630 | 2,312,459 |
| Stocks | 726,325 | 824,934 | 514,568 | 542,731 | 564,538 | 510,650 |
| Others | 4,051,413 | 3,399,025 | 2,745,143 | 3,311,235 | 2,101,832 | 2,324,393 |
| Subtotal | 8,968,718 | 8,812,982 | 7,232,271 | 7,866,568 | 7,174,794 | 7,137,203 |
| Securities in foreign currency (Trust Account) | 136,452 | 34,315 | 289,665 | 184,115 | 662,549 | 449,415 |
| Securities in foreign currency (Banking account) | | | | | | |
| Foreign securities | 545,503 | 626,982 | 579,561 | 525,892 | 894,722 | 745,352 |
| Off-shore foreign securities | 238,657 | 234,714 | 279,003 | 252,994 | 313,402 | 205,455 |
| Subtotal | 784,160 | 861,696 | 858,564 | 778,886 | 1,208,124 | 950,807 |
| Total | 46,861,327 | 49,969,498 | 37,944,978 | 42,330,848 | 34,298,616 | 36,755,691 |

2.2.10. Trust Account

(Unit: in millions of Won)

| | September 30, 2006 | | December 31, 2005 | | December 31, 2004 | |
|--------------------------------|--------------------|---------------|-------------------|----------------|-------------------|----------------|
| | Average | Trust | Average | Trust | Average | Trust |
| | amount trusted | fees | amount trusted | fees | amount trusted | fees |
| Return-guaranteed trust | 326 | 7,792 | 335 | 43,088 | 369 | 8,365 |
| Performance trust | 17,638,995 | 49,931 | 18,146,337 | 77,756 | 23,998,460 | 93,856 |
| Total | 17,639,321 | 57,723 | 18,146,672 | 120,844 | 23,998,829 | 102,221 |

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, 2006 | December 31, 2005 | December 31, 2004 |
| Number of card holders (Person) | | | |
| Corporate | 173,519 | 159,047 | 182,109 |
| Individual | 8,996,768 | 9,342,552 | 11,362,173 |
| Number of merchants | 1,581,814 | 1,506,979 | 1,491,730 |
| Sales volume ¹ | 47,494,251 | 62,475,085 | 66,918,805 |
| Fee revenue | 1,624,380 | 2,090,253 | 2,807,557 |

2.3. Branch Networks

As of September 30, 2006, we have 1,067 branches and 52 sub-branches in Korea, the largest number of branches among Korean commercial banks. 440 branches out of the total branches are located in Seoul.

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

¹ Includes lump-sum & installment purchase, cash advances, check card & 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, %)

| | September 30, 2006 ¹ | December 31, 2005 | December 31, 2004 |
|----------------------------------|---------------------------------|--------------------|--------------------|
| Risk-adjusted capital (A) | 19,211,323 | 15,682,535 | 13,334,531 |
| Risk-weighted assets (B) | 127,996,832 | 121,072,676 | 121,081,735 |
| BIS ratios (A/B) | 15.01 | 12.95 | 11.01 |

2.4.2. Non-Performing Loans²

(Unit: in millions of Won unless indicated otherwise)

| September 30, 2006 | | December 31, 2005 | | Change | |
|--------------------|--------------------|-------------------|--------------------|-----------------|--------------------|
| Amount | NPL to total loans | Amount | NPL to total loans | Amount | NPL to total loans |
| 1,599,800 | 1.08% | 1,946,362 | 1.42% | -346,562 | -0.34%p |

2.4.3. Loan Loss Allowances

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

(Unit: in millions of Won)

| | September 30, 2006 | December 31, 2005 | December 31, 2004 |
|------------------------------|--------------------|-------------------|-------------------|
| Loan losses allowance | | | |
| Domestic | 2,211,933 | 2,496,655 | 3,181,433 |
| Foreign | 4,745 | 4,122 | 4,662 |
| Total | 2,216,678 | 2,500,777 | 3,186,095 |
| Write-Off | 1,003,538 | 2,014,834 | 3,382,130 |

¹ Tentative ratio² Non-performing loans are defined as those loans that are past due more than 90 days or that are placed non-accrual status according to the Financial Supervisory Service's guidelines.

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

(Unit: in millions of Won)

| | September 30, 2006 | December 31, 2005 | December 31, 2004 |
|----------------------------------|------------------------------|------------------------------|------------------------------|
| Beginning balance | 2,500,777 | 3,186,095 | 3,948,736⁴ |
| Net Write-Off | (707,838) | (1,738,406) | (3,830,889) |
| Write-Off | (1,003,538) | (2,014,834) | (3,382,130) |
| Recovery | 342,605 | 452,959 | 286,464 |
| Other | (46,905) | (176,531) | (735,223) |
| Provision for loan losses | 423,739 | 1,053,088 | 3,068,248 |
| Ending balance | 2,216,678¹ | 2,500,777² | 3,186,095³ |

¹ Includes present value discounts and allowance for other assets amounting to 12,664 million Won and 36,145 million Won respectively

² Includes present value discounts and allowances for other assets amounting to 20,015 million Won and 47,502 million Won respectively

³ Includes present value discounts and allowance for other assets amounting to 22,111 million Won and 67,320 million Won respectively

⁴ Include present value discounts and allowance for other assets amounting to 22,780 million Won and 38,692 million Won respectively

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

(Unit: in millions of Won)

| | As of or for the 9 months ended September 30, 2006 | As of or for the year ended December 31, 2005 |
|---|---|--|
| Cash and due from banks | 5,444,386 | 5,867,417 |
| Securities | 34,360,772 | 30,550,299 |
| Loans | 145,401,053 | 135,738,407 |
| Fixed assets | 2,373,990 | 2,436,702 |
| Other assets | 10,636,082 | 5,000,824 |
| Total assets | 198,216,283 | 179,593,649 |
| Deposits | 128,490,681 | 126,281,232 |
| Borrowings | 16,145,164 | 13,737,336 |
| Debentures | 24,258,799 | 16,547,987 |
| Other liabilities | 14,692,931 | 10,653,494 |
| Total liabilities | 183,587,575 | 167,220,049 |
| Capital stocks | 1,681,896 | 1,681,896 |
| Capital surplus | 6,258,297 | 6,254,786 |
| Retained earnings | 6,002,890 | 3,929,948 |
| Capital adjustments | 685,625 | 506,970 |
| Total shareholders' equity | 14,628,708 | 12,373,600 |
| Liabilities and Shareholders' Equity | 198,216,283 | 179,593,649 |
| Operating revenue | 14,568,653 | 17,855,258 |
| Operating income | 2,759,238 | 3,015,822 |
| Continuing (loss) income before income taxes | 3,113,790 | 3,228,253 |
| Net (loss) income | 2,258,101 | 2,252,218 |

3.2. Other Financial Information

See the Exhibit 99.1 Kookmin Bank Review Report by our independent auditors for our full- financial statements and relevant notes. The Review Report is also available at our website www.kbstar.com.

Table of Contents**4. Independent Public Accountant****4.1. Audit & Audit related Fees**

Deloitte Anjin LLC has reviewed our financial statements for the third quarter of 2006. The aggregate contract fee for the audit and review fees for the year 2006 is 1,350 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.

(Unit: in millions of Won unless indicated otherwise)

| Year | Service description | Amount of payment |
|----------------|--|--------------------------|
| 3Q 2006 | - Comfort Letter issue | 40 |
| | - Confirmation of BIS ratio and confirmation affirming that Kookmin Bank is not a Non-Financial Operator | 10 |
| 2005 | - LOC (Letter of Comfort) | 30 |
| 2004 | - Tax compliance | 230 |
| | - Due Diligence regarding the possible acquisition of DITC/ KITC | 300 |
| | - US GAAP calculation of provision for the third quarter of 2004 | 100 |
| | - US GAAP conversion for 2004 | USD 3,600 thousand |

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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 shareholders meeting

- 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

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

- n The Board Steering Committee

- n The Management Strategy Committee

- n The Risk Management Committee

- n The Audit Committee

- n The Evaluation & Compensation 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.

Table of Contents**5.2. Compensation****5.2.1. Compensation to Directors**

The following table shows information regarding the remuneration paid to the Directors for the third quarter of 2006.

(Unit: in millions of Won)

| | The aggregate remuneration paid (From Jan to Sep) | Limit for the remuneration resolved by shareholders meeting (For the year 2006) | Average amount of the payment per person (From Jan to Sep) |
|---|--|---|--|
| 1) Executive Directors (Except chief audit executive and non-executive directors) | 2,896 | 8,000 | 956 |
| 2) Non Executive Directors (Except members of audit committee) | 220 | | 44 |
| 3) Members of Audit Committee (Including chief audit executive) | 800 | | 160 |
| Total | 3,889 | 8,000 | 299 |

Table of Contents**5.2.2. Stock Option**

The following table is the breakdown of stock options Kookmin Bank has granted to the directors and employees as of September 30, 2006.

(Unit: in Won, share)

| 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 | | | | |
| 28-Feb-00 | Kuk Ju Kwon | Non Executive Director | 01-Mar-03 | 28-Feb-06 | 27,600 | 4,800 | 4,800 | 0 |
| 28-Feb-00 | Joon Park | Non Executive Director | 01-Mar-03 | 28-Feb-06 | 27,600 | 4,800 | 4,800 | 0 |
| 28-Feb-00 | Heung Soon Chang | Non Executive Director | 01-Mar-03 | 28-Feb-06 | 27,600 | 2,486 | 2,486 | 0 |
| 28-Feb-00 | Moon Soul Chung | Non Executive Director | 01-Mar-03 | 28-Feb-06 | 27,600 | 7,000 | 7,000 | 0 |
| 28-Feb-00 | Sung Hee Jwa | Non Executive Director | 01-Mar-03 | 28-Feb-06 | 27,600 | 4,800 | 4,800 | 0 |
| 28-Feb-00 | Jan Op de Beeck | Director&Executive Vice President | 01-Mar-03 | 28-Feb-06 | 27,600 | 22,490 | 22,490 | 0 |
| 28-Feb-00 | Hack Yeon Jeong | Employee | 01-Mar-03 | 28-Feb-06 | 27,600 | 10,000 | 10,000 | 0 |
| 28-Feb-00 | Jong Hwan Byun | Employee | 01-Mar-03 | 28-Feb-06 | 27,600 | 10,000 | 10,000 | 0 |
| 28-Feb-00 | Sang Young Lee | Employee | 01-Mar-03 | 28-Feb-06 | 27,600 | 6,821 | 6,821 | 0 |
| 28-Feb-00 | Won Gi Kim | Employee | 01-Mar-03 | 28-Feb-06 | 27,600 | 6,821 | 6,821 | 0 |
| 15-Mar-01 | Sang Hoon Kim | Chairman&CEO | 16-Mar-04 | 15-Mar-09 | 28,027 | 29,614 | 29,614 | 0 |
| 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 | 2,845 | 9,000 |
| 15-Mar-01 | Byung Sang Kim | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 5,845 | 6,000 |
| 15-Mar-01 | Byung Jin Kim | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 9,845 | 2,000 |
| 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 | Dong Soon Park | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 2,961 | 0 |
| 15-Mar-01 | Hoo Sang Jang | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Sang Hoon Lee | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 1,961 | 1,000 |
| 15-Mar-01 | Jae In Suh | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Sung Hyun Chung | 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 | 0 | 2,961 |
| 15-Mar-01 | Sang Won Lee | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Yun Keun Jung | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 592 | 0 |
| 15-Mar-01 | Joon Ho Park | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 0 | 592 |
| 15-Mar-01 | Sung Wan Choi | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 370 | 0 | 370 |
| 15-Mar-01 | Jeong Haing Lee | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 0 | 592 |
| 15-Mar-01 | Tae Joo Yoon | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 10 | 0 | 10 |
| 15-Mar-01 | Jang Hwan Bae | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 592 | 0 |
| 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 | Jun Bo Cho | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 592 | 0 |
| 15-Mar-01 | Byong Doo Ahn | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 592 | 0 |
| 15-Mar-01 | Ki Hyun Kim | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 592 | 0 |
| 15-Mar-01 | Sung Shin Cho | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 0 | 592 |

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¹ Some numbers of the granted options have been adjusted due to the merger and the early retirement of the grantees.

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| Grant date | Name of the grantee | Position when granted | Exercise period | | Exercise price | Number of granted options ¹ | Number of exercised options | Number of exercisable options |
|------------|---------------------|--------------------------|-----------------|-----------|----------------|--|-----------------------------|-------------------------------|
| | | | From | To | | | | |
| 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 | 0 | 370 |
| 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 |
| 24-Mar-01 | Jae Kyu Lee | Non Executive Director | 25-Mar-04 | 24-Mar-07 | 25,100 | 2,318 | 1,518 | 800 |
| 24-Mar-01 | Young Il Kim | Executive Vice President | 25-Mar-04 | 24-Mar-07 | 25,100 | 30,000 | 30,000 | 0 |
| 24-Mar-01 | Jong In Park | Executive Vice President | 25-Mar-04 | 24-Mar-07 | 25,100 | 19,333 | 11,500 | 7,833 |
| 24-Mar-01 | Gyu Ho Lee | Employee | 25-Mar-04 | 24-Mar-07 | 25,100 | 3,275 | 3,275 | 0 |
| 16-Nov-01 | Sang Hoon Kim | Chairman | 17-Nov-04 | 16-Nov-09 | 51,200 | 150,000 | 0 | 150,000 |
| 16-Nov-01 | Jung Tae Kim | President & CEO | 17-Nov-04 | 16-Nov-09 | 51,200 | 500,000 | 500,000 | 0 |
| 22-Mar-02 | Sun Jin Kim | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 3,000 | 0 | 3,000 |
| 22-Mar-02 | Ji Hong Kim | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 3,321 | 0 | 3,321 |
| 22-Mar-02 | Keun Shik Oh | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 3,321 | 421 | 2,900 |
| 22-Mar-02 | Kyung Hee Yoon | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 3,000 | 0 | 3,000 |
| 22-Mar-02 | Choul Ju Lee | Chief Audit Executive | 23-Mar-05 | 22-Mar-10 | 57,100 | 9,963 | 9,963 | 0 |
| 22-Mar-02 | Dong Soo Chung | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 10,000 | 0 | 10,000 |
| 22-Mar-02 | Moon Soul Chung | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 3,000 | 3,000 | 0 |
| 22-Mar-02 | Henry Cornell | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 3,321 | 0 | 3,321 |
| 22-Mar-02 | Timothy Hartman | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 3,321 | 0 | 3,321 |
| 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 | Bock Woan Kim | Executive Vice President | 23-Mar-05 | 22-Mar-10 | 57,100 | 13,339 | 0 | 13,339 |
| 22-Mar-02 | Ki Sup Shin | Executive Vice President | 23-Mar-05 | 22-Mar-10 | 57,100 | 26,405 | 2,405 | 24,000 |
| 22-Mar-02 | Jong Kyoo Yoon | Executive Vice President | 23-Mar-05 | 22-Mar-10 | 57,100 | 20,522 | 0 | 20,522 |
| 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 | 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 | 3,339 | 10,000 |
| 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 | Jong Young Yoon | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 14,712 | 5,000 | 9,712 |
| 22-Mar-02 | Jae Il Song | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 9,762 | 0 | 9,762 |
| 22-Mar-02 | Hyung Goo Sim | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 14,712 | 0 | 14,712 |
| 22-Mar-02 | Jeong Haing Lee | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 9,762 | 0 | 9,762 |
| 22-Mar-02 | Joon Sup Chang | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 9,762 | 0 | 9,762 |
| 22-Mar-02 | Young No Lee | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 14,712 | 0 | 14,712 |
| 22-Mar-02 | Dong Soon Park | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 5,000 | 5,000 | 0 |
| 22-Mar-02 | Sung Bin Kim | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 9,762 | 0 | 9,762 |
| 22-Mar-02 | Sung Bok Park | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 14,712 | 0 | 14,712 |
| 22-Mar-02 | Yun Keun Jung | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 15,000 | 0 | 15,000 |
| 22-Mar-02 | Man Soo Song | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 9,762 | 0 | 9,762 |
| 22-Mar-02 | Jeong Young Kim | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 5,000 | 0 | 5,000 |
| 22-Mar-02 | Hack Yeon Jeong | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 5,000 | 0 | 5,000 |
| 22-Mar-02 | Jong Hwan Byun | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 5,000 | 0 | 5,000 |
| 22-Mar-02 | Jae Han Kim | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 2,500 | 0 | 2,500 |
| 22-Mar-02 | Jong Ok Na | Employee | 23-Mar-05 | 22-Mar-10 | 57,100 | 2,500 | 0 | 2,500 |
| 29-Mar-02 | Boung Hak Kim | Former KCC Officer | 30-Mar-04 | 29-Mar-11 | 129,100 | 3,330 | 0 | 3,330 |
| 29-Mar-02 | Jang Ok Kim | Former KCC Officer | 30-Mar-04 | 29-Mar-11 | 129,100 | 3,330 | 0 | 3,330 |
| 29-Mar-02 | Sun Lee | Former KCC Officer | 30-Mar-04 | 29-Mar-11 | 129,100 | 3,330 | 0 | 3,330 |
| 26-Jul-02 | Donald H. MacKenzie | Executive Vice President | 27-Jul-05 | 26-Jul-10 | 58,800 | 23,899 | 0 | 23,899 |
| 21-Mar-03 | Ki Hong Kim | Non Executive director | 22-Mar-06 | 21-Mar-11 | 58,600 | 10,000 | 0 | 10,000 |
| 21-Mar-03 | Sun Jin Kim | Non Executive director | 22-Mar-06 | 21-Mar-11 | 43,800 | 6,678 | 0 | 6,678 |
| 21-Mar-03 | Eun Joo Park | Non Executive director | 22-Mar-06 | 21-Mar-11 | 42,200 | 3,351 | 0 | 3,351 |
| 21-Mar-03 | Kyung Bae Suh | Non Executive director | 22-Mar-06 | 21-Mar-11 | 42,200 | 3,351 | 0 | 3,351 |

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| 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 | | | | |
| 21-Mar-03 | Cheol Soo Ahn | Non Executive director | 22-Mar-06 | 21-Mar-11 | 42,200 | 3,351 | 3,351 | 0 |
| 21-Mar-03 | Kyung Hee Yoon | Non Executive director | 22-Mar-06 | 21-Mar-11 | 43,800 | 6,678 | 0 | 6,678 |
| 21-Mar-03 | Moon Soul Chung | Non Executive director | 22-Mar-06 | 21-Mar-11 | 43,800 | 6,678 | 6,678 | 0 |
| 21-Mar-03 | Suk Yong Cha | Non Executive director | 22-Mar-06 | 21-Mar-11 | 58,600 | 10,000 | 10,000 | 0 |
| 21-Mar-03 | Bernard S. Black | Non Executive director | 22-Mar-06 | 21-Mar-11 | 43,800 | 6,678 | 0 | 6,678 |
| 21-Mar-03 | Richard Elliott Lint | Non Executive director | 22-Mar-06 | 21-Mar-11 | 43,800 | 6,678 | 0 | 6,678 |
| 21-Mar-03 | Sung Chul Kim | Executive Vice President | 22-Mar-06 | 21-Mar-11 | 35,500 | 9,443 | 4,443 | 5,000 |
| 21-Mar-03 | See Young Lee | Executive Vice President | 22-Mar-06 | 21-Mar-11 | 35,500 | 7,024 | 0 | 7,024 |
| 21-Mar-03 | Woo Jung Lee | Executive Vice President | 22-Mar-06 | 21-Mar-11 | 35,500 | 9,443 | 9,443 | 0 |
| 21-Mar-03 | Won Suk Oh | Employee | 22-Mar-06 | 21-Mar-11 | 35,500 | 9,730 | 0 | 9,730 |
| 21-Mar-03 | Sung Dae Min | Employee | 22-Mar-06 | 21-Mar-11 | 35,500 | 9,730 | 0 | 9,730 |
| 21-Mar-03 | Kyong Jae Jeong | Employee | 22-Mar-06 | 21-Mar-11 | 35,500 | 9,730 | 0 | 9,730 |
| 21-Mar-03 | Chul Hee Kim | Employee | 22-Mar-06 | 21-Mar-11 | 35,500 | 14,343 | 0 | 14,343 |
| 21-Mar-03 | In Do Lee | Employee | 22-Mar-06 | 21-Mar-11 | 35,500 | 9,730 | 0 | 9,730 |
| 21-Mar-03 | Maeng Soo Ryang | Employee | 22-Mar-06 | 21-Mar-11 | 35,500 | 9,730 | 0 | 9,730 |
| 27-Aug-03 | Jin Baek Cheong | Executive Vice President | 28-Aug-06 | 27-Aug-11 | 40,500 | 5,091 | 0 | 5,091 |
| 09-Feb-04 | Young Il Kim | Senior Executive Vice President | 10-Feb-07 | 09-Feb-12 | 46,100 | 7,125 | 0 | 7,125 |
| 09-Feb-04 | Sang Jin Lee | Senior Executive Vice President | 10-Feb-07 | 09-Feb-12 | 46,100 | 7,125 | 0 | 7,125 |
| 09-Feb-04 | Jeung Lak Lee | Senior Executive Vice President | 10-Feb-07 | 09-Feb-12 | 46,100 | 7,452 | 0 | 7,452 |
| 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 | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | Kyung Soo Kang | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 3,837 | 0 | 3,837 |
| 09-Feb-04 | Yang Jin Kim | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | Dong Hwan Cho | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | Dong Sook Kang | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | Young Han Kim | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | De Oak Shin | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | Chang Ho Kim | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | Dal Soo Lee | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 09-Feb-04 | Byong Doo Ahn | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 0 | 5,000 |
| 23-Mar-04 | Young Soon Cheon | Non Executive Director | 24-Mar-07 | 23-Mar-12 | 48,500 | 5,000 | 0 | 5,000 |
| 23-Mar-04 | Dong Soo Chung | Non Executive Director | 24-Mar-07 | 23-Mar-12 | 48,500 | 5,000 | 0 | 5,000 |
| 23-Mar-04 | Wang Ha Cho | Non Executive Director | 24-Mar-07 | 23-Mar-12 | 48,800 | 5,000 | 0 | 5,000 |
| 23-Mar-04 | Woon Youl Choi | Non Executive Director | 24-Mar-07 | 23-Mar-12 | 48,800 | 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 |
| 01-Nov-04 | Chung Won Kang | President & CEO | 02-Nov-07 | 01-Nov-12 | X ¹ | 700,000 | 0 | 700,000 |
| 18-Mar-05 | Hyung Duk Chang | Chief Audit Executive | 19-Mar-08 | 18-Mar-13 | X ² | 30,000 | 0 | 30,000 |

¹ Exercise price = 37,600 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 = 46,800 Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4). The increase rate of KOSPI Banking Industry Index = (KOSPI Banking Industry Index as of the starting date of exercise period - KOSPI Banking Industry Index as of the grant date) / KOSPI Banking Industry Index as of the grant date.

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| Grant date | Name of the grantee | Position when granted | Exercise period | | Exercise price | Number of granted options ¹ | Number of exercised options | Number of exercisable options |
|------------|---------------------|---------------------------------|-----------------|-----------|----------------|--|-----------------------------|-------------------------------|
| | | | From | To | | | | |
| 18-Mar-05 | Kap Shin | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Dong Won Kim | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Yun Keun Jung | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 8,759 | 0 | 8,759 |
| 18-Mar-05 | Nam Sik Yang | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Hyo Sung Won | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Yong Kook Oh | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Sang Jin Lee | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 8,759 | 0 | 8,759 |
| 18-Mar-05 | Ahn Sook Koo | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 8,759 | 0 | 8,759 |
| 18-Mar-05 | Jung Young Kang | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Young Han Choi | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Dong Soo Choe | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Seong Kyu Lee | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 8,759 | 0 | 8,759 |
| 18-Mar-05 | Jun Bo Cho | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 8,759 | 0 | 8,759 |
| 18-Mar-05 | Jeong Min Kim | Senior Executive Vice President | 19-Mar-08 | 18-Mar-13 | 46,800 | 30,000 | 0 | 30,000 |
| 18-Mar-05 | Sung Soo Jung | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 4,379 | 0 | 4,379 |
| 18-Mar-05 | Hye Young Kim | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 4,379 | 0 | 4,379 |
| 18-Mar-05 | Ki Hyun Kim | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 4,379 | 0 | 4,379 |
| 18-Mar-05 | Jae Sam Jung | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Chang Ho Kim | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 4,379 | 0 | 4,379 |
| 18-Mar-05 | Dong Sook Kang | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 4,379 | 0 | 4,379 |
| 18-Mar-05 | De Oak Shin | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Dal Soo Lee | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Byong Doo Ahn | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 4,379 | 0 | 4,379 |
| 18-Mar-05 | Byung Kun Oh | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Won Sik Yeo | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Dong Su Ryo | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Kyoung Ho Lee | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Jeung Ho Lee | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Kwang Suk Lee | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Tae Gon Kim | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Hyeog Kwan Kwon | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Kyu Hyung Jung | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Dong Hwan Cho | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Man Hee Lee | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Il Soo Moon | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Yong Seung Lee | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Suk Yong Cha | Non Executive director | 19-Mar-08 | 18-Mar-13 | 61,000 | 5,091 | 0 | 5,091 |
| 18-Mar-05 | Ki Hong Kim | Non Executive director | 19-Mar-08 | 18-Mar-13 | 60,300 | 5,077 | 0 | 5,077 |
| 18-Mar-05 | Young Soon Cheon | Non Executive director | 19-Mar-08 | 18-Mar-13 | X ₂ | 15,000 | 0 | 15,000 |

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| 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 | | | | |
| 18-Mar-05 | Dong Soo Chung | Non Executive director | 19-Mar-08 | 18-Mar-13 | | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Chang Kyu Lee | Non Executive director | 19-Mar-08 | 18-Mar-13 | | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Hun Namkoong | Non Executive director | 19-Mar-08 | 18-Mar-13 | 61,000 | 5,091 | 0 | 5,091 |
| 18-Mar-05 | Doo Hwan Song | Non Executive director | 19-Mar-08 | 18-Mar-13 | X ₂ | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Dam Cho | Non Executive director | 19-Mar-08 | 18-Mar-13 | | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Nobuya Takasugi | Non Executive director | 19-Mar-08 | 18-Mar-13 | | 15,000 | 0 | 15,000 |
| 27-Apr-05 | Kyung Wook Kang | Employee | 28-Apr-08 | 27-Apr-13 | 45,700 | 15,000 | 0 | 15,000 |
| 22-Jul-05 | Donald H. MacKenzie | Senior Executive Vice President | 23-Jul-08 | 22-Jul-13 | 49,200 | 30,000 | 0 | 30,000 |
| 23-Aug-05 | Youn Soo Kim | Executive Vice President | 24-Aug-08 | 23-Aug-13 | 53,000 | 15,000 | 0 | 15,000 |
| 24-Mar-06 | Dong Soo Chung | Non Executive director | 25-Mar-09 | 24-Mar-14 | X ₃ | 20,000 | 0 | 20,000 |
| 24-Mar-06 | Doo Hwan Song | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 10,000 | 0 | 10,000 |
| 24-Mar-06 | Chang Kyu Lee | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 10,000 | 0 | 10,000 |
| 24-Mar-06 | Dam Cho | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 10,000 | 0 | 10,000 |
| 24-Mar-06 | Nobuya Takasugi | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 10,000 | 0 | 10,000 |
| 24-Mar-06 | Young Soon Cheon | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 5,000 | 0 | 5,000 |
| 24-Mar-06 | Kee Young Chung | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Bo Kyung Byun | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Bae Kin Cha | Non Executive director | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Hyung Duk Chang | Chief Audit Executive | 25-Mar-09 | 24-Mar-14 | | 20,000 | 0 | 20,000 |
| 24-Mar-06 | Ki Hong Kim | Chief Executive Vice President | 25-Mar-09 | 24-Mar-14 | | 210,000 | 0 | 210,000 |
| 24-Mar-06 | Kap Joe Song | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | | 45,000 | 0 | 45,000 |
| 24-Mar-06 | Dal Soo Lee | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | | 20,000 | 0 | 20,000 |
| 24-Mar-06 | Won Sik Yeo | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | | 20,000 | 0 | 20,000 |
| 24-Mar-06 | De Oak Shin | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | | 20,000 | 0 | 20,000 |
| 24-Mar-06 | Choong Won Cho | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Yook Sang Kwon | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Haing Hyun Choi | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | In Gyu Choi | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Kwang Chun Shon | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Han Mok Cho | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Soon Hyun Kim | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Seung Joo Baik | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Kwang Mook Park | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Se Yoon Hong | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Sang Rak Jang | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Jin Sun Paeng | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Shin Og Joo | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Young Hee Jeon | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Bae Young Lee | Employee | 25-Mar-09 | 24-Mar-14 | | 30,000 | 0 | 30,000 |

³ Exercise price = 75,200 Won x (1 + TRS of the three major competitors x 0.4)

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| 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 | | | | |
| 28-Apr-06 | Young Mo Lee | Employee | 29-Apr-09 | 28-Apr-14 | X ₄ | 30,000 | 0 | 30,000 |
| | | Total | | | | 4,027,090 | 756,037 | 3,271,053 |

⁴ Exercise price = 81,900 Won x (1 + TRS of the three major competitors x 0.4)

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5.3. Affiliated Companies

5.3.1. List of Affiliates¹

Affiliated companies of Kookmin Bank and its ownership as of September 30, 2006 are as follows.

- n KB Investment Co., Ltd. (99.99%)

- n KB Asset Management Co., Ltd. (80.00%)

- n KB Real Estate Trust Co., Ltd. (99.99%)

- n KB Credit Information Co., Ltd. (99.73%)

- n KB Data Systems Corporation (99.99%)

- n KB Futures Co., Ltd. (99.98%)

- n KB Life Insurance Co., Ltd. (51.00%)

- n ING Life Korea Ltd. (20.00%)

- n Kookmin Bank International (London) Ltd. (100.00%)

- n Kookmin Bank Hong Kong Ltd. (100.00%)

- n Sorak Financial Holdings Pte. Ltd. (25.00%)

¹ Excludes Joeeun Industry and Jangeun Securities which are under liquidation procedures. Kookmin Singapore Ltd. and Kookmin Finance Asia Limited are also under liquidation procedures.

Table of Contents**6. Directors, Senior Management and Employees****6.1. Executive Directors**

Our 4 executive directors consist of the President & CEO, Chief Audit Executive, Chief Executive Vice President and Senior Executive Vice President.

The names and positions of our directors, and Kookmin Bank's common stocks they own are set forth below as of September 30, 2006.

| Name | Date of Birth | Position | Common Stocks Owned |
|------------------------|----------------------|---------------------------------------|----------------------------|
| Chung Won Kang | 12/19/1950 | President & CEO | |
| Hyung Duk Chang | 08/13/1950 | Chief Audit Executive | |
| Ki Hong Kim | 01/10/1957 | Chief Executive Vice President | |
| Kap Shin | 09/04/1955 | CFO & Senior 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, 2006, there are 9 non-executive directors.

Our current non-executive directors, and Kookmin Bank's shares they own are as follows.

| Name | Date of Birth | Position | Common Stocks Owned |
|-------------------------|----------------------|-------------------------------|----------------------------|
| Dong Soo Chung | 09/24/1945 | Non-Executive Director | 2,240 |
| Nobuya Takasugi | 09/03/1942 | Non-Executive Director | |
| Kee Young Chung | 09/07/1948 | Non-Executive Director | |
| Doo Hwan Song | 05/29/1949 | Non-Executive Director | |
| Chang Kyu Lee | 05/20/1950 | Non-Executive Director | |
| Dam Cho | 08/01/1952 | Non-Executive Director | |
| Bo Kyung Byun | 08/09/1953 | Non-Executive Director | |
| Baek In Cha | 07/23/1958 | Non-Executive Director | |
| Young Soon Cheon | 02/01/1961 | Non-Executive Director | 1,910 |

Table of Contents**6.3. Senior Management**

In addition to the executive directors who are also our executive officers, we currently have the following 13 executive officers as of September 30, 2006.

| Name | Date of Birth | Position | Common Shares Owned |
|---------------------|---------------|---------------------------------|---------------------|
| Nam Sik Yang | 05/08/1954 | Senior Executive Vice President | 582 |
| Won Sik Yeo | 01/30/1953 | Senior Executive Vice President | |
| Dal Soo Lee | 02/15/1952 | Senior Executive Vice President | |
| Yong Kook Oh | 09/30/1949 | Senior Executive Vice President | |
| Hyo Sung Won | 07/29/1960 | Senior Executive Vice President | |
| De Oak Shin | 01/09/1951 | Senior Executive Vice President | 8,618 |
| Jung Young Kang | 01/29/1951 | Senior Executive Vice President | |
| Young Han Choi | 09/24/1958 | Senior Executive Vice President | |
| Dong Soo Choe | 03/10/1955 | Senior Executive Vice President | |
| Jeong Min Kim | 05/08/1951 | Senior Executive Vice President | 94 |
| Donald H. MacKenzie | 12/20/1948 | Senior Executive Vice President | |
| Kap Joe Song | 07/20/1947 | Senior Executive Vice President | |
| Dong Won Kim | 03/01/1953 | Senior Executive Vice President | |

6.4. Employees

The following table shows the breakdown of our employees as of September 30, 2006.

(Unit: in millions of Won)

| | Number of Employees ¹ | | | Average Tenure of the Full-time Employees (years) ² | Total Payment for the three quarters of 2006 ³ | Average Payment per Person |
|---------------|----------------------------------|-------------|--------|--|---|----------------------------|
| | Full-time | Contractual | Total | | | |
| Male | 12,797 | 1,380 | 14,177 | 17 years and 2 months | 710,037 | 50.1 |
| Female | 4,341 | 6,134 | 10,475 | 14 years and 4 months | 355,608 | 33.9 |
| Total | 17,138 | 7,514 | 24,652 | 16 years and 6 months | 1,065,645 | 43.2 |

¹ Number of employees are calculated based on an arithmetic mean from January 31, 2006 to September 30, 2006 and local employees in overseas branches are excluded

² Based on only full-time employees as of September 30, 2006

³ Based on personnel expense and welfare cost as of September 30, 2006

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7. Major Stockholders and Related Party Transactions

7.1. Major Stockholders¹

The following table presents information regarding the selected major ownership of our shares.

(Unit: Shares, %)

| Name | Number of Shares of Common Stock | Percentage of Total Issued Shares |
|---|----------------------------------|-----------------------------------|
| The Bank of New York² | 51,175,814 | 15.21 |
| Euro-Pacific Growth Fund | 16,659,610 | 4.95 |

¹ Information based on December 31, 2005

² Depositary of ADRs

Table of Contents**7.2. Investments in Affiliates¹**

(Unit: in millions of Won)

| Name | Relation with the Bank | Account | | | Ending |
|--|---------------------------|-----------------------------------|---------------------------------------|----------|-----------------|
| | | | Beginning Balance (Jan 1, 2006) | Increase | Decrease |
| KB Real Estate Trust | Affiliate | Equity Securities of Affiliate | 79,999 | | 79,999 |
| KB Investment | Affiliate | Equity Securities of Affiliate | 44,756 | | 44,756 |
| KB Asset Management | Affiliate | Equity Securities of Affiliate | 30,670 | | 30,670 |
| KB Futures | Affiliate | Equity Securities of Affiliate | 19,996 | | 19,996 |
| KB Data Systems Corp. | Affiliate | Equity Securities of Affiliate | 7,999 | | 7,999 |
| KB Credit Information | Affiliate | Equity Securities of Affiliate | 6,245 | | 6,245 |
| KB Life Insurance | Affiliate | Equity Securities of Affiliate | 15,300 | | 15,300 |
| Joeun Industry ¹ | Affiliate | Equity Securities of Affiliate | 9,999 | | 9,999 |
| Jangeun Securities ¹ | Affiliate | Equity Securities of Affiliate | 24,274 | | 24,274 |
| ING Life Korea | Affiliate | Equity Securities of Affiliate | 14,000 | | 14,000 |
| Kookmin Bank Hong Kong Ltd. | Affiliate | Equity Securities of Affiliate | 20,260 | | 1,356 18,904 |
| Kookmin Bank International (London) Ltd. | Affiliate | Equity Securities of Affiliate | 34,935 | 531 | 35,466 |

¹ Joeun Industry and Jangeun Securities are under liquidation procedures

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7.3. Related Party Transactions

(Unit: in millions of Won unless indicated otherwise)

| Name | Relation with the Bank | Account | Transactions | | | Gains / Losses |
|-------------------------|---|--------------------------|--------------|--------------|---------------|----------------------|
| | | | Purchase | Disposal | Volume | |
| DSME Co. | Related party of | | | | | |
| | Non-executive director, Dong Soo Chung | Equity securities | 2,686 | 2,625 | 5,311 | 98 |
| LG International | Related party of | | | | | |
| | Non-executive director, | | | | | |
| | Kee Young Chung | Equity securities | 4,929 | 4,019 | 8,948 | (303) |
| | Total | | 7,615 | 6,644 | 14,259 | (205) |

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SIGNATURES

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

Kookmin Bank
(Registrant)

Date: November 14, 2006

By: /s/ Kap Shin
(Signature)

Name: Kap Shin
Title: CFO / Senior EVP
Executive Director

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Exhibit 99.1

KOOKMIN BANK

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of

Kookmin Bank:

We have reviewed the accompanying non-consolidated balance sheet of the bank accounts of Kookmin Bank (the Bank) as of September 30, 2006, and the related non-consolidated statements of income and cash flows for the nine months ended September 30, 2006 and 2005, all expressed in Korean Won. These financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the 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 this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Bank as of December 31, 2005, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein) and in our report dated February 24, 2006, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2005, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet.

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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 accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized 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 knowledgeable about Korean accounting procedures and review standards and their application in practice.

October 31, 2006

Notice to Readers

This report is effective as of October 31, 2006, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

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KOOKMIN BANK

NON-CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2006 AND DECEMBER 31, 2005

| | 2006 | Korean Won (In millions) | 2005 |
|---|-------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Cash and due from banks (Notes 3, 20 and 21) | (Won) 5,444,386 | | (Won) 5,867,417 |
| Securities (Notes 4, 20 and 21) | 34,360,772 | | 30,550,299 |
| Loans (Notes 5, 6, 7, 20 and 21) | 145,401,053 | | 135,738,407 |
| Fixed assets (Note 8) | 2,373,990 | | 2,436,702 |
| Other assets (Note 9) | 10,636,082 | | 5,000,824 |
| | (Won) 198,216,283 | | (Won) 179,593,649 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES: | | | |
| Deposits (Notes 10, 20 and 21) | (Won) 128,490,681 | | (Won) 126,281,232 |
| Borrowings (Notes 11, 20 and 21) | 16,145,164 | | 13,737,336 |
| Debentures (Notes 12, 20 and 21) | 24,258,799 | | 16,547,987 |
| Other liabilities (Notes 13, 14, 15 and 16) | 14,692,931 | | 10,653,494 |
| | 183,587,575 | | 167,220,049 |
| SHAREHOLDERS' EQUITY (Notes 17 and 18): | | | |
| Common stock | 1,681,896 | | 1,681,896 |
| Capital surplus | 6,258,297 | | 6,254,786 |
| Retained earnings (Net income of (Won)2,258,101 million for the nine months ended September 30, 2006 and (Won)2,252,218 million for the year ended December 31, 2005) | 6,002,890 | | 3,929,948 |
| Capital adjustments | 685,625 | | 506,970 |
| | 14,628,708 | | 12,373,600 |
| | (Won) 198,216,283 | | (Won) 179,593,649 |

See accompanying notes to non-consolidated financial statements.

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KOOKMIN BANK

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

| | Korean Won | |
|--|--|-------------------|
| | 2006 | 2005 |
| | (In millions except per share amounts) | |
| OPERATING REVENUE: | | |
| Interest income: | | |
| Interest on due from banks (Note 21) | (Won) 22,419 | (Won) 18,432 |
| Interest on securities (Note 21) | 1,011,654 | 808,414 |
| Interest on loans (Note 21) | 7,826,252 | 7,572,251 |
| Other interest income | 22,460 | 21,309 |
| | 8,882,785 | 8,420,406 |
| Commission income | 975,126 | 858,334 |
| Other operating income: | | |
| Gain on disposal of trading securities | 39,320 | 75,779 |
| Gain on valuation of trading securities (Note 4) | 33,060 | |
| Dividends on trading securities | 2,857 | 4,821 |
| Dividends on available-for-sale securities | 4,587 | 3,259 |
| Foreign exchange trading income | 179,200 | 203,246 |
| Fees and commissions from trust accounts (Note 26) | 71,707 | 103,113 |
| Gain on financial derivatives trading | 3,154,456 | 2,822,447 |
| Gain on valuation of financial derivatives (Note 19) | 1,140,527 | 891,765 |
| Gain on valuation of fair value hedged items (Note 19) | 8,510 | 43,449 |
| Other operating income | 76,518 | 44,498 |
| | 4,710,742 | 4,192,377 |
| Total operating revenues | 14,568,653 | 13,471,117 |
| OPERATING EXPENSES: | | |
| Interest expenses: | | |
| Interest on deposits (Note 21) | 2,497,749 | 2,422,243 |
| Interest on borrowings (Note 21) | 491,815 | 260,151 |
| Interest on debentures (Note 21) | 799,298 | 801,698 |
| Other interest expenses | 37,590 | 25,085 |
| | 3,826,452 | 3,509,177 |
| Commission expenses | 318,812 | 247,100 |
| Other operating expenses: | | |
| Loss on disposal of trading securities | 40,633 | 54,457 |
| Loss on valuation of trading securities (Note 4) | | 13,258 |
| Provision for possible loan losses (Note 7) | 423,739 | 967,867 |
| Provision for acceptances and guarantees losses | 4,089 | 1,415 |

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| | | |
|---|------------|------------|
| Foreign exchange trading losses | 252,539 | 175,267 |
| Loss on financial derivatives trading (Note 19) | 2,975,852 | 2,708,392 |
| Loss on valuation of financial derivatives (Note 19) | 1,039,575 | 922,694 |
| Loss on valuation of fair value hedged items(Note 19) | 77,193 | |
| Other operating expenses | 436,737 | 406,128 |
| | 5,250,357 | 5,249,478 |
| General and administrative expenses (Note 22) | 2,413,794 | 2,090,343 |
| Total operating expenses | 11,809,415 | 11,096,098 |

(Continued)

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KOOKMIN BANK

NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

| | Korean Won | |
|---|--|-----------------|
| | 2006 | 2005 |
| | (In millions except per share amounts) | |
| OPERATING INCOME | (Won) 2,759,238 | (Won) 2,375,019 |
| NON-OPERATING INCOME (Note 23) | 514,804 | 617,247 |
| NON-OPERATING EXPENSES (Note 23) | 160,252 | 389,372 |
| ORDINARY INCOME | 3,113,790 | 2,602,894 |
| EXTRA ORDINARY ITEM | | |
| INCOME BEFORE INCOME TAX | 3,113,790 | 2,602,894 |
| INCOME TAX EXPENSE (Note 24) | 855,689 | 774,375 |
| NET INCOME | (Won) 2,258,101 | (Won) 1,828,519 |
| ORDINARY INCOME PER SHARE (In currency units) (Note 25) | (Won) 6,713 | (Won) 5,745 |
| NET INCOME PER SHARE (In currency units) (Note 25) | (Won) 6,713 | (Won) 5,745 |
| DILUTED ORDINARY INCOME PER SHARE (In currency units) (Note 25) | (Won) 6,713 | (Won) 5,741 |
| DILUTED NET INCOME PER SHARE (In currency units) (Note 25) | (Won) 6,713 | (Won) 5,741 |

See accompanying notes to non-consolidated financial statements.

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KOOKMIN BANK

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

| | 2006 | Korean Won (In millions) | 2005 |
|---|-----------------|-----------------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | (Won) 2,258,101 | | (Won) 1,828,519 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Loss on disposal of trading securities | 40,633 | | 54,457 |
| Loss on valuation of trading securities | | | 13,258 |
| Provision for possible loan losses | 423,739 | | 967,867 |
| Loss on financial derivatives trading | 2,975,852 | | 2,708,392 |
| Loss on valuation of financial derivatives | 1,039,575 | | 922,694 |
| Loss on valuation of fair value hedged items | 77,193 | | |
| Loss on valuation of securities accounted for using the equity method | 1,612 | | 8,466 |
| Provision for severance benefits | 103,864 | | 89,090 |
| Depreciation and amortization | 224,615 | | 244,280 |
| Loss on disposal of available-for-sale securities | 13,220 | | 17,210 |
| Loss on impairment of available-for-sale securities | 53,463 | | 26,144 |
| Loss on disposal of tangible assets | 1,629 | | 3,764 |
| Loss on sale of loans | | | 2,096 |
| Gain on disposal of trading securities | (39,320) | | (75,779) |
| Gain on valuation of trading securities | (33,060) | | |
| Gain on financial derivatives trading | (3,154,456) | | (2,822,447) |
| Gain on valuation of financial derivatives | (1,140,527) | | (891,765) |
| Gain on valuation of fair value hedged items | (8,510) | | (43,449) |
| Gain on valuation of securities accounted for using the equity method | (76,077) | | (71,700) |
| Gain on disposal of available-for-sale securities | (136,165) | | (282,431) |
| Gain on disposal of tangible assets | (2,339) | | (9,475) |
| Gain on sale of loans | (36,311) | | (79,935) |
| Others, net | (28,168) | | 308,418 |
| | 300,462 | | 1,089,155 |

(Continued)

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KOOKMIN BANK

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

| | 2006 | Korean Won (In millions) | 2005 |
|---|-----------------|-----------------------------|-----------------|
| Changes in assets and liabilities resulting from operations: | | | |
| Net decrease (increase) in trading securities | (Won) 405,955 | | (Won) (163,752) |
| Net increase in accounts receivable | (4,951,270) | | (1,900,734) |
| Net decrease (increase) in accrued income | (212,004) | | 13,869 |
| Net decrease (increase) in prepaid expenses | (37,123) | | 160,132 |
| Net decrease (increase) in deferred income tax assets | 105,778 | | (87,652) |
| Net increase in accounts payable | 4,676,614 | | 1,338,980 |
| Net increase (decrease) in accrued expenses | (400,142) | | 505,420 |
| Net increase (decrease) in advances from customers | (212,931) | | 307,114 |
| Payment of severance benefits | (13,187) | | (58,379) |
| Decrease (increase) in severance insurance deposits | (35,780) | | 23,726 |
| Others, net | 230,888 | | 840,482 |
| | (443,202) | | 979,206 |
| Net cash provided by operating activities | 2,115,361 | | 3,896,880 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Net increase in restricted due from banks | (81,914) | | (1,061,711) |
| Net decrease (increase) in available-for-sale securities | (2,743,303) | | 3,669,749 |
| Net increase in held-to-maturity securities | (957,793) | | (4,881,838) |
| Net decrease in securities accounted for using the equity method | 14,914 | | 24,047 |
| Net decrease (increase) in loans | (10,082,755) | | 671,960 |
| Disposal of fixed assets | 10,619 | | 22,199 |
| Purchase of fixed assets | (151,863) | | (74,194) |
| Net decrease (increase) in other assets | (468,067) | | 250,007 |
| Net cash used in investing activities | (14,460,162) | | (1,379,781) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Net increase (decrease) in deposits | 2,208,755 | | (2,534,016) |
| Net increase (decrease) in debentures | 7,621,929 | | (5,463,311) |
| Net increase in borrowings | 2,434,144 | | 4,600,693 |
| Net increase (decrease) in other liabilities | (250,703) | | 86,837 |
| Others, net | (174,269) | | 1,085,075 |
| Net cash provided by financing activities | 11,839,856 | | (2,224,722) |
| NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS | (504,945) | | 292,377 |
| CASH AND DUE FROM BANKS, BEGINNING OF PERIOD | 3,624,831 | | 3,319,349 |
| CASH AND DUE FROM BANKS, END OF PERIOD (Note 30) | (Won) 3,119,886 | | (Won) 3,611,726 |

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See accompanying notes to non-consolidated financial statements.

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KOOKMIN BANK

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

1. **GENERAL:**

Kookmin Bank (the "Bank") was established in 1963 under the Citizens National Bank Act to provide and administer funds for financing to 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 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 on June 29, 1998. Also, the Bank completed the legal consolidation with Housing and Commercial Bank ("H&CB") on October 31, 2001 and merged with Kookmin Credit Card Co., Ltd., a majority-owned subsidiary, on September 30, 2003.

The Bank's shares have been 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 listed on the Korea Stock Exchange on November 9, 2001. In addition, the Bank listed its American Depository Shares ("ADS") on the New York Stock Exchange ("NYSE") as of November 1, 2001 following the consolidation with H&CB. H&CB listed its ADS on the NYSE as of October 3, 2000 prior to the business combination. As of September 30, 2006, the Bank's paid-in capital is (Won)1,681,896 million.

The Bank is engaged in the banking, trust and other relevant businesses according to the provisions of the General Banking Act and the Trust Business Act, and operates through 1,118 domestic branches and offices (excluding 213 automated teller machine stations) and three overseas branches (excluding two subsidiaries and one office) as of September 30, 2006.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Non-consolidated Financial Statement Presentation

The Bank maintains its official accounting records in Korean Won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles and banking accounting standards generally accepted in the Republic of Korea. Certain accounting principles and banking accounting standards 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 and banking accounting practices 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 (with certain expanded descriptions) from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Bank's financial position, results of operations or cash flows, is not presented in the accompanying financial statements.

The significant accounting policies followed by the Bank in preparing the accompanying non-consolidated financial statements are summarized below.

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Interest Income Recognition

The Bank applies the accrual basis in recognizing interest income related to deposits, loans and securities, except for non-secured uncollectible receivables. Interest on loans, whose principal or interest is past due at the balance sheet date, is generally not accrued, with the exception of interest on certain loans secured by guarantee of governments or government agencies, or collateralized by bank deposits. When a loan is placed on non-accrual status, previously accrued interest is generally reversed and deducted from current interest income; and future interest income is recognized on the cash basis in accordance with the banking industry accounting standards. As of September 30, 2006 and December 31, 2005, the principal amount of loans and securities of which the accrued interest income was not recorded in the accompanying financial statements based on the above criteria amounted to (Won)7,211,985 million and (Won)7,875,123 million, respectively, and the related accrued interest income not recognized amounted to (Won)533,631 million and (Won)462,799 million, respectively.

Classification of Securities

At acquisition, the Bank classifies securities into one of the following categories: trading, available-for-sale, held-to-maturity and securities accounted for using the equity method, depending on marketability, purpose of acquisition and ability to hold. Debt and equity securities that are bought and held for the purpose of selling them in the near term and actively traded are classified as trading securities. Debt securities with fixed and determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Securities that should be accounted for under the equity method are classified as securities accounted for using the equity method. Debt and equity securities not classified as the above are categorized as available-for-sale securities.

If the objective and ability to hold securities of the Bank change, available-for-sale securities can be reclassified to held-to-maturity securities and held-to-maturity securities can be reclassified to available-for-sale securities. Whereas, if the Bank sells held-to-maturity securities or exercises early redemption right of securities to issuer in the current year or the proceeding two years, and if it reclassifies held-to-maturity securities to available-for-sale securities, all debt securities that are owned or purchased cannot be classified as held-to-maturity securities. On the other hand, trading securities cannot be recategorized to available-for-sale securities or held-to-maturity securities and vice versa. Nevertheless, trading securities are reclassified to available-for-sale securities only when the trading securities lose their marketability.

Valuation of Securities

(1) Valuation of Trading Securities

Trading equity and debt securities are initially recognized at acquisition cost plus incidental expenses determined by the individual moving average method (the specified identification method for debt securities). When the face value of trading debt securities differs from their acquisition cost, the effective interest method is applied to amortize the difference over the remaining term of the securities. After initial recognition, if the fair value of trading securities differs from the book value, trading securities are stated at fair value and the resulting valuation gain or loss is included in current operations.

(2) Valuation of Available-for-sale Securities

Available-for-sale securities are initially recognized at acquisition cost plus incidental expenses, determined by the individual moving average method (the specified identification method for debt securities). The effective interest method is applied to amortize the difference between the face value and the acquisition cost over the remaining term of the debt security. After initial recognition, available-for-sale securities are stated at fair value, with the net unrealized gain or loss presented as gain or loss on valuation of available-for-sale securities in capital adjustments. Accumulated capital adjustments of securities are charged to current operations in a lump sum at the time of disposal or impairment recognition. Non-marketable equity securities are stated at acquisition cost on the financial statements if the fair value of the securities is not reliably determinable.

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If the fair value of equity securities (net asset fair value in case of non-marketable equity securities stated at acquisition cost) is below the acquisition cost and the pervasive evidence of impairment exists, the carrying value is adjusted to fair value and the resulting valuation loss is charged to current operations. If the collectible value of debt securities is below the amortized cost and the pervasive evidence of impairment exists, the carrying value is adjusted to collectible value and the resulting valuation loss is charged to current operations. With respect to impaired securities, any unrealized valuation gain or loss of securities previously included in the capital adjustment account is reversed.

(3) Valuation of Held-to-maturity Securities

Held-to-maturity securities are stated at acquisition cost plus incidental expenses, determined by the specific identification method. When the face value of held-to-maturity securities differs from its acquisition cost, the effective interest method is applied to amortize the difference over the remaining term of the securities. If collectible value is below the amortized cost and the pervasive evidence of impairment exists, the carrying value is adjusted to collectible value and the resulting valuation loss is charged to current operations.

(4) Valuation of Securities Accounted for using the Equity Method

Equity securities held for investment in companies in which the Bank is able to exercise significant influence over the investees (in accordance with the Banking Act, if the Bank holds more than 15 percent of the total issued shares, the Bank is considered being able to exercise significant influence) are accounted for using the equity method. The Bank's share in net income or net loss of investees is included in current operations. Changes in the retained earnings of investee are reflected in the retained earnings. Changes in the capital surplus or other capital accounts of investee are reflected as gain or loss on valuation of securities accounted for using the equity method in capital adjustments.

When the book value of equity securities accounted for using the equity method is less than zero due to the cumulative losses of the investees, the Bank discontinues applying the equity method and does not provide for additional losses. If the investee subsequently reports net income, the Bank resumes applying the equity method only after its share of that net income equals the share of net losses not recognized during the period that the equity method was suspended.

In addition, any gains or loss from the disposal of equity securities of certain consolidated subsidiaries are accounted for as capital adjustments resulting from applying the equity method in the balance sheets if the subsidiaries are still consolidated even after the Bank disposes of a portion of equity securities.

(5) Reversal of Loss on Impairment of Available-for-sale Securities and Held-to-maturity Securities

If the reasons for impairment losses of available-for-sale securities no longer exist, the recovery is recorded in current operations under non-operating income up to amount of the previously recognized impairment loss as reversal of loss on impairment of available-for-sale securities and any excess is included in capital adjustments as gain on valuation of available-for-sale securities. However, if the increases in the fair value of the impaired securities are not regarded as the recovery of the impairment, the increases in the fair value are recorded as gain on valuation of available-for-sale securities in capital adjustments. For non-marketable equity securities, which were impaired based on the net asset fair value, the recovery is recorded up to their acquisition cost.

For held-to-maturity securities, the recovery is recorded in current operations under non-operating income within the amount of amortized cost that would have been recorded according to the original schedule if the impairment losses had not been recognized as reversal of loss on impairment of held-to-maturity securities.

(6) Reclassification of Securities

When held-to-maturity securities are reclassified to available-for-sale securities, those securities are accounted for at fair value on the reclassification date and the difference between the fair value and book value is reported in capital adjustment as gain or loss on valuation of available-for-sale securities. When available-for-sale securities are reclassified to held-to-maturity securities, gain or loss on valuation of available-for-sale securities, which had been recorded until the reclassification date, continue to be included in capital adjustments and be amortized using the effective interest rate method and the amortized amount is charged to interest income until maturity. The difference between the fair value at the reclassification date

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and face value of the reclassified securities to held-to-maturity securities is amortized using effective interest rate method and the amortized amount is charged to interest income. In addition, when certain trading securities lose their marketability, such securities are reclassified as available-for-sale securities at fair market value as of reclassification date.

Transfer of Securities

When the realization, expiration or sale of the right to obtain the economic benefits arises and the control of securities is lost from the sale of the securities, the unrealized valuation gain or loss of securities included in the capital adjustment account is added to or deducted from the gain or loss on disposal of securities. The gain or loss is the difference between the net proceeds receivable or received and its carrying value. When securities are transferred without losing control of the securities, the transaction is recorded as secured borrowing transaction.

Allowance for Possible Losses on Credits

The Supervisory Regulation of Banking Business (the Supervisory Regulation) legislated by the Financial Supervisory Commission (FSC) requires the Bank to classify all credits into five categories as normal, precautionary, substandard, doubtful, or estimated loss based on borrowers repayment capability and historical financial transaction records. The Supervisory Regulation also requires the Bank to provide the minimum rate of loss provision for each category balance using the prescribed minimum percentages as described below.

As required by the Supervisory Regulation, the Bank classifies corporate credits (loans, confirmed acceptances and guarantees) based on borrowers' capability to repay in consideration of borrowers' business operation, financial position and future cash flows (Forward Looking Criteria) as well as past due period and status of any bankruptcy proceedings (Historical Repayment Criteria). However, credits to small companies and to households are classified not by evaluating the debt repayment capability of a borrower or customer but by past due period and status of bankruptcy proceedings. The Bank generally classifies all credits to a single borrower in the same category of classification but credits guaranteed or credits collateralized by bank deposits, real estate and other assets may be classified differently based on the guarantor's capability to service such guarantee or based on the value of collateral securing such credits.

Based on the Bank's corporate credit evaluation model, credits to a borrower are classified into 12 grades from AAA to D (AAA, AA, A, A -, BBB, BB, B, B -, CCC, CC, C and D). Credits of grades of AAA to B are classified as normal, credits of grade B - to CCC as precautionary, credits of grade CC as substandard, credits of grade C as doubtful and credits of grade D as estimated loss. Credits are finally classified reflecting past due period and bankruptcy considerations. An allowance is then calculated on the category balances using the prescribed percentages of 0.5 ~ 1.9 percent for normal, 2 ~ 19.9 percent for precautionary, 20 ~ 49.9 percent for substandard, 50 ~ 99.9 percent for doubtful and 100 percent for estimated loss. However, the Bank does not provide allowances for call loans, bonds bought under resale agreements and inter-bank loans that are classified as normal, as it is not required by the Accounting Standards for the Banking Industry.

In addition, as required by the Supervisory Regulation, based on the classification of household loans and credit card receivables by past due period and status of bankruptcy proceedings, allowance for household loans and credit card receivables are calculated on the category balances using the prescribed percentages of 0.75 ~ 7.9 percent and 1 ~ 11.9 percent for normal, 8 ~ 19.9 percent and 12 ~ 19.9 percent for precautionary, 20 ~ 54.9 and 20 ~ 59.9 percent for substandard, 55 ~ 99.9 percent and 60 ~ 99.9 percent for doubtful, and 100 percent for estimated loss. Furthermore, as required by the Financial Supervisory Service, for the secured household loans newly placed after September 9, 2002, if the ratio of loans to collateral value (loan to value; LTV) exceeds 70 percent, the Bank provides an allowance for possible loan losses of 1 percent for normal and 10 percent for precautionary, instead of providing 0.75 percent for normal and 8 percent for precautionary.

In addition, when an allowance for possible loan losses required by the Supervisory Regulation is less than the amount calculated based on the historical loss rate, which is estimated through objective and reasonable method in accordance with the accounting principle in the Republic of Korea, historical loss rate is reflected in the provision for possible loan losses.

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The method and data used for determining the allowances for loan losses based on historical loss rate by the Bank's lending portfolios are determined as follows:

| Lending portfolios | Methodology | Period of historical loss rate | Period of recovery ratio |
|------------------------------|--------------------|---------------------------------------|---------------------------------|
| Impaired corporate loans | DCF & Migration | N/A | N/A |
| Non-impaired corporate loans | Migration analysis | 1 year | 5 years |
| Consumer loans | Migration analysis | 1 year | 5 years |
| Credit card loans | Roll-rate analysis | 1 year | 5 years |

Based on the loan portfolios' nature, lending period, recovery period and other economic factors, the Bank determines the appropriate data period used in assessing its historical loss rate and recovery ratio.

Pursuant to the Supervisory Regulation of Banking Business, the Bank provides allowance for possible losses on confirmed acceptances and guarantees, unconfirmed acceptances and guarantees, and notes endorsed based on the credit classification, minimum rate of loss provision prescribed by Financial Supervisory Service and the cash conversion factor. In addition, the Bank provides other allowances for the unused credit limit of credit card and unused credit line of consumer and corporate loans based on the cash conversion factor and minimum rate of loss provision prescribed by Financial Supervisory Service.

Restructuring of Loans

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, is recorded at 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 first the book value against allowances for loan losses and then recognizes provisions for loan losses. Impairment losses for loans that were restructured in a troubled debt restructuring involving a modification of terms are computed by 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 loan losses. If the amount of allowances already established is less than the impairment losses, the Bank establishes additional allowances for the difference. Otherwise, the Bank reverses the allowances for loan losses.

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.

Valuation of Receivables and Payables at Present Value

Receivables and payables incurred through long-term installment transactions, long-term borrowing and lending transactions, and other similar transactions are stated at the present value of expected future cash flows, and the gain or loss on valuation of related receivables and payables is reflected in current operations, unless the difference between nominal value and present value is immaterial. Present value discount or premium is amortized using the effective interest rate method and credited or charged to interest income or interest expense.

Tangible Assets and Related Depreciation

Tangible assets included in fixed assets are recorded at cost or production cost including incidental expenses. Routine maintenance and repairs are expensed as incurred. Expenditures that result in the enhancement of the value or the extension of the useful lives of the facilities involved are capitalized as additions to tangible assets.

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Depreciation is computed by using the declining-balance method (Straight-line method for building and structures) based on the estimated useful lives of the assets as follows:

| Tangible assets | Depreciation method | Estimated useful life |
|--------------------------|----------------------------|------------------------------|
| Buildings and structures | Straight-line | 40 years |
| Leasehold improvements | Declining balance | 4-5 years |
| Equipment and vehicles | Declining balance | 4-5 years |

Intangible Assets and Related Amortization

Intangible assets included in fixed assets are recorded at the production costs or purchase costs plus incidental expenses less accumulated amortization. Intangible assets are amortized using the straight-line method over the estimated economic useful lives of the related assets or the activity method as follows:

| Intangible assets | Depreciation method | Estimated useful life |
|--------------------------|----------------------------|------------------------------|
| Goodwill | Straight-line | 9 years |
| Trademarks | Straight-line | 5-20 years |
| Others | Straight-line | 3-30 years |

The Bank recorded 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. Expenditures incurred in conjunction with the development of new products or technology and others, in which the elements of costs can be individually identified and future economic benefits are probably exerted, are capitalized as development costs. The Bank estimates the useful lives of endowment assets that are beneficial upon usage based on the term of the contract and are classified under other intangible assets.

Valuation Allowance for Non-Business Use Property

Non-business use property included in fixed assets is recorded when the Bank acquires collateral by foreclosure on the mortgage for loans. If the latest auction price is lower than book value, the difference is provided as a valuation allowance and the valuation loss is charged to current operations. In addition, the difference between the selling price and book value is recorded as a disposition gain or loss.

Recognition of Impairment of Assets

When the book value of assets (other than securities and assets valued at present value) exceeds the collective value of the assets due to obsolescence, physical damage or a sharp decrease in market value and the difference is material, the book value are adjusted to collective value in the balance sheet and the resulting impairment loss is charged to current operations. If the collective value of the assets increases in subsequent years, the increase in value is credited to operations as gain until the collective value equals the book value of assets that would have been determined had no impairment loss been recognized. The Bank assessed the collective value based on expected selling price or appraisal value.

Amortization of Discounts (Premiums) on Debentures

Discounts or premiums on debentures issued are amortized over the period from issuance to maturity using the effective interest rate method. Amortization of discounts or premiums is recognized as interest expense on the debentures.

Bonds under Resale or Repurchase Agreements

Bonds purchased under resale agreements are recorded as loans and bonds sold under repurchase agreements are recorded as borrowings when the Bank purchases or sells securities under such agreements.

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Contingent Liabilities

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank is recognized as contingent liabilities when it is probable that an outflow of resources embodying economic benefits required and the amount of the obligation can be measured with sufficient reliability. Where the effect of the time value of money is material, the amount of the liabilities is the present value of the expenditures expected to be required to settle the obligation. In addition, as some or all expenditures required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as separate assets in the balance sheet and related income may be offset against expense in the income statement.

Accrued Severance Benefits

Employees and directors and temporary employees with at least one year of service as of September 30, 2006 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. The accrued severance benefits that would be payable assuming all eligible employees and directors were to resign are included in other liabilities.

The Bank has purchased severance benefits insurance, which meets the funding requirement for tax purposes, and made deposits with Kyobo Life Insurance Co., Ltd and others. Withdrawal of these deposits is restricted to the payment of severance benefits. These are presented as a deduction from the accrued severance benefits.

Accounting for Derivative Instruments

The Bank accounts for derivative instruments pursuant to the Interpretations on Financial Accounting Standards 53-70 on accounting for derivative instruments. Derivative instruments are classified as used for trading activities or for hedging activities according to their transaction purpose. All derivative instruments are accounted for at fair value with the valuation gain or loss recorded as an asset or liability. If the derivative instrument is not part of a transaction qualifying as a hedge, the adjustment to fair value is reflected in current operations.

The accounting for derivative transactions that are part of a qualified hedge based both on the purpose of the transaction and on meeting the specified criteria for hedge accounting differs depending on whether the transaction is a fair value hedge or a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument designated as hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss both on the hedging derivative instruments and on the hedged item attributable to the hedged risk is reflected in current operations. Cash flow hedge accounting is applied to a derivative instrument designated as 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 gain or loss on a derivative instrument designated as a cash flow hedge is recorded as a capital adjustment and the ineffective portion is recorded in current operations. The effective portion of gain or loss recorded as a capital adjustment is reclassified to current earnings 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 in capital adjustment is added to or deducted from the asset or the liability.

Accounting for Stock Options

In accordance with the Interpretations on Financial Accounting Standards 39-35 on the accounting for the stock option, the Bank records stock compensation costs as a capital adjustment in case that the Bank can choose to settle the vested stock option by issuing new shares or treasury stock, or payment of cash equivalent to the difference between the market price and the exercise price at the exercise date. However, the compensation cost of certain options that is certain to be settled by cash payment is recorded in other liabilities (accrued expenses).

National Housing Fund

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

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Accounting for Trust Accounts

The Bank separately maintains the books of accounts and financial statements in connection with the trust operations (the trust accounts) from those of the bank accounts in accordance with the Trust Business Act. When surplus funds are generated through the management of trust assets, such funds are deposited with the Bank and are recorded as due to trust accounts of the bank accounts. Also, the borrowings from the bank account are recorded as due from trust accounts of the bank accounts. The Bank receives fees for operation and management of the trust business and accounts for them as fees and commissions from trust accounts.

With respect to certain trust account products, the Bank guarantees the repayment of the principal of the trust accounts and, in certain cases, a fixed rate of return. If income from such trust accounts is insufficient to pay the guaranteed amount, such a deficiency is satisfied by using special reserves maintained in the trust accounts, offsetting trust fee payable to the bank accounts and receiving compensation contributions from the bank accounts of the Bank. If the Bank pays compensating contributions to the guaranteed return trusts to cover such deficiencies, these contributions are reflected as other operating expense of the bank accounts and as other income of the trust accounts.

Income Tax Expense

Income tax expense is the amount currently payable for the period added to or deducted from the changes in deferred income taxes. However, deferred income tax assets are recognized only if the future tax benefits from accumulated temporary differences and any tax loss carryforwards are realizable. The difference between the amount currently payable for the period and income tax expense is accounted for as deferred income tax assets or liabilities, which will be charged or credited to income tax expense in the period the related temporary difference reverses in the future. Deferred income tax assets or liabilities are calculated based on the expected tax rate to be applied at the reversal period of the related assets or liabilities. Tax payable and deferred income tax assets or liabilities regarding to certain items are charged or credited directly to related components of shareholders' equity.

Accounting for Foreign Currency Transactions and Translation

The Bank maintains its accounts in Korean Won. Transactions in foreign currencies are recorded in Korean Won based on the basic rate of exchange on the transaction date. The Korean Won equivalent of assets and liabilities denominated in foreign currencies are translated in these financial statements based on the basic rate ((Won)945.20 and (Won)1,013.00 to US\$ 1.00 at September 30, 2006 and December 31, 2005, respectively) announced by Seoul Money Brokerage Service, Ltd. or cross rates for other currencies other than U.S. Dollars at the balance sheet dates. Translation gains and losses are credited or charged to operations. Financial statements of overseas branches are translated based on the basic rate at balance sheet dates.

Application of the Statement of Korea Accounting Standards

The Korea Accounting Standard Board (KASB) under the Korea Accounting Institute (KAI) issued the Statements of Korea Accounting Standards (SKAS) for achieving a set of Korean accounting standards that should be internationally acceptable and comparable based on SKAS Act 92. The Bank adopted SKAS No.1 (Accounting Changes and Error Corrections) through SKAS No. 17 (Provisions, Contingent Liabilities and Contingent Assets) (SKAS No. 11 and No. 14 excluded) as of or before December 31, 2005. SKAS No. 18 (Interests in Joint Ventures), No. 19 (Lease) and No. 20 (Related Party Disclosures) have been adopted since January 1, 2006.

Reclassification

Certain accounts of the prior period were reclassified to conform to the current period's presentation for comparative purposes; however, such reclassifications had no effect on the previously reported prior period's net income or shareholders' equity of the Bank.

Table of Contents3. CASH AND DUE FROM BANKS:

(1) Cash and due from banks in Won and foreign currencies as of September 30, 2006 and December 31, 2005 consisted of (Unit: In millions):

| | 2006 | 2005 |
|--------------------------------------|-----------------|-----------------|
| Cash and checks | (Won) 2,445,798 | (Won) 2,683,479 |
| Foreign currencies | 160,403 | 150,402 |
| Due from banks in Won | 2,272,472 | 2,495,595 |
| Due from banks in foreign currencies | 565,713 | 537,941 |
| | (Won) 5,444,386 | (Won) 5,867,417 |

(2) Due from banks as of September 30, 2006 and December 31, 2005 consisted of (Unit: In millions):

| Financial institution | Interest (%) | 2006 | 2005 |
|---------------------------------|--------------|-----------------|-----------------|
| Due from banks in Won: | | | |
| BOK | | (Won) 2,259,909 | (Won) 2,189,339 |
| Woori Bank and others | 0.00~2.20 | 8,671 | 302,873 |
| Korea Stock Exchange and others | | 3,892 | 3,383 |
| | | (Won) 2,272,472 | (Won) 2,495,595 |

Due from banks in foreign currencies:

| | | | |
|--------------------------------|-----------|---------------|---------------|
| BOK | | (Won) 57,176 | (Won) 46,501 |
| Korea Exchange Bank and others | 0.00~5.32 | 89,814 | 78,136 |
| Woori Bank and others | 5.31~5.86 | 418,723 | 413,304 |
| | | (Won) 565,713 | (Won) 537,941 |

(3) Restricted due from banks in Won and foreign currencies as of September 30, 2006 and December 31, 2005 consisted of (Unit: In millions):

| Financial institution | 2006 | 2005 | Reason for restriction |
|---------------------------------------|-----------------|-----------------|--------------------------------|
| Due from banks in Won: | | | |
| BOK | (Won) 2,259,909 | (Won) 2,189,339 | BOK Act |
| Woori Bank | 4,130 | 4,029 | Escrow account |
| Korea Stock Exchange and others | 2,737 | 2,237 | Futures margin accounts/others |
| Due from banks in foreign currencies: | | | |
| BOK | 57,176 | 46,501 | BOK Act |
| J.P. Morgan Chase & Co. and others | 548 | 480 | Futures margin accounts/others |
| | (Won) 2,324,500 | (Won) 2,242,586 | |

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(4) Due from banks by financial institution as of September 30, 2006 and December 31, 2005 consisted of (Unit: In millions):

| Financial institution | 2006 | 2005 |
|--|------------------------|------------------------|
| Due from banks in Won: | | |
| BOK | (Won) 2,259,909 | (Won) 2,189,339 |
| Banks | 8,671 | 302,873 |
| Others | 3,892 | 3,383 |
| | 2,272,472 | 2,495,595 |
| Due from banks in foreign currencies: | | |
| BOK | 57,176 | 46,501 |
| Banks | 488,707 | 490,960 |
| Others | 19,830 | 480 |
| | 565,713 | 537,941 |
| | (Won) 2,838,185 | (Won) 3,033,536 |

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(5) Term structure of due from banks as of September 30, 2006 was as follows (Unit: In millions):

| | Due in 3 months or less | Due after 3 months through 6 months | Due after 6 months through 1 year | Due after 1 year through 3 years | More than 3 years | Total |
|--------------------------------------|----------------------------|--|--|--|----------------------|-----------------|
| Due from banks in Won | (Won) 2,268,342 | (Won) | (Won) 4,029 | (Won) 101 | (Won) | (Won) 2,272,472 |
| Due from banks in foreign currencies | 546,649 | 19,064 | | | | 565,713 |
| | (Won) 2,814,991 | (Won) 19,064 | (Won) 4,029 | (Won) 101 | (Won) | (Won) 2,838,185 |

Term structure of due from banks as of December 31, 2005 was as follows (Unit: In millions):

| | Due in 3 months or less | Due after 3 months through 6 months | Due after 6 months through 1 year | Due after 1 year through 3 years | More than 3 years | Total |
|--------------------------------------|-------------------------------|--|---|--|----------------------|-----------------|
| Due from banks in Won | (Won) 2,491,566 | (Won) | (Won) | (Won) 4,029 | (Won) | (Won) 2,495,595 |
| Due from banks in foreign currencies | 433,602 | 104,339 | | | | 537,941 |
| | (Won) 2,925,168 | (Won) 104,339 | (Won) | (Won) 4,029 | (Won) | (Won) 3,033,536 |

4. **SECURITIES:**

(1) Securities as of September 30, 2006 and December 31, 2005 consisted of (Unit: In millions):

| | 2006 | 2005 |
|--|------------------|------------------|
| Trading securities | (Won) 3,177,356 | (Won) 3,551,425 |
| Available-for-sale securities | 19,329,726 | 16,180,784 |
| Held-to-maturity securities | 11,190,323 | 10,228,573 |
| Securities accounted for using the equity method | 663,367 | 589,517 |
| | (Won) 34,360,772 | (Won) 30,550,299 |

(2) The valuation of securities excluding securities accounted for using the equity method as of September 30, 2006 consisted of (Unit: In millions):

| Classification | Face value | Acquisition cost (*) | Adjusted by effective | Book value |
|----------------|------------|----------------------|-----------------------|------------|
|----------------|------------|----------------------|-----------------------|------------|

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interest rate

method

| Trading securities: | | | | | | |
|-----------------------------|-----------------|-----------------|--------|-----------------|-------|-----------------|
| | (Won) | (Won) | 80,061 | (Won) | (Won) | 82,931 |
| Equity securities | | | | | | |
| Beneficiary certificates | 99,743 | 100,398 | | | | 101,760 |
| Government and public bonds | 738,434 | 726,734 | | 728,761 | | 737,898 |
| Finance bonds | 2,142,103 | 2,126,245 | | 2,127,732 | | 2,134,721 |
| Corporate bonds | 120,060 | 119,466 | | 120,186 | | 120,046 |
| | (Won) 3,100,340 | (Won) 3,152,904 | | (Won) 2,976,679 | | (Won) 3,177,356 |

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| Classification | Face value | Acquisition cost (*) | Adjusted by | | Book value |
|---------------------------------------|------------------|----------------------|-------------------------|--------|------------------|
| | | | effective interest rate | method | |
| Available-for-sale securities: | | | | | |
| Equity securities | (Won) | (Won) 1,149,345 | (Won) | | (Won) 1,421,167 |
| Equity investments | | 511 | | | 3,805 |
| Beneficiary certificates | 1,702,606 | 1,701,276 | | | 1,726,112 |
| Government and public bond | 2,824,370 | 2,812,216 | 2,813,903 | | 2,817,323 |
| Finance bonds | 11,522,708 | 11,413,338 | 11,451,577 | | 11,470,359 |
| Foreign government bonds | 5,671 | 6,436 | 5,683 | | 5,680 |
| Corporate bonds | 1,083,009 | 1,044,837 | 1,025,825 | | 1,026,965 |
| Asset-backed securities | 1,096,511 | 1,033,044 | 842,578 | | 842,328 |
| Other debt securities | 19,044 | 7,346 | | | 15,987 |
| | (Won) 18,253,919 | (Won) 19,168,349 | (Won) 16,139,566 | | (Won) 19,329,726 |
| Held-to-maturity securities: | | | | | |
| Government and public bonds | (Won) 6,614,665 | (Won) 6,545,454 | (Won) 6,555,037 | | (Won) 6,555,037 |
| Finance bonds | 2,798,000 | 2,798,040 | 2,798,217 | | 2,798,217 |
| Corporate bonds | 1,499,779 | 1,511,576 | 1,502,109 | | 1,502,109 |
| Asset-backed securities | 335,000 | 334,906 | 334,960 | | 334,960 |
| | (Won) 11,247,444 | (Won) 11,189,976 | (Won) 11,190,323 | | (Won) 11,190,323 |

(*) Acquisition costs of equity securities in available-for-sale are the book value before valuation.

The valuation of securities excluding securities accounted for using the equity method as of December 31, 2005 consisted of (Unit: In millions):

| Classification | Face value | Acquisition cost (*) | Adjusted by | | Book value |
|---------------------------------------|-----------------|----------------------|-------------------------|--------|-----------------|
| | | | effective interest rate | method | |
| Trading securities: | | | | | |
| Equity securities | (Won) | (Won) 179,074 | (Won) | | (Won) 200,147 |
| Beneficiary certificates | 197 | 256 | | | 256 |
| Government and public bonds | 1,692,298 | 1,661,025 | 1,663,369 | | 1,635,898 |
| Finance bonds | 1,607,663 | 1,601,395 | 1,603,586 | | 1,594,839 |
| Corporate bonds | 120,000 | 119,407 | 119,690 | | 120,285 |
| | (Won) 3,420,158 | (Won) 3,561,157 | (Won) 3,386,645 | | (Won) 3,551,425 |
| Available-for-sale securities: | | | | | |
| Equity securities | (Won) | (Won) 778,421 | (Won) | | (Won) 1,156,629 |
| Equity investments | | 511 | | | 3,723 |
| Beneficiary certificates | 2,051,178 | 2,052,680 | | | 2,075,933 |
| Government and public bonds | 2,725,370 | 2,721,469 | 2,705,844 | | 2,687,671 |

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| | | | | |
|--------------------------|------------------|------------------|------------------|------------------|
| Finance bonds | 8,324,183 | 8,246,513 | 8,248,052 | 8,232,310 |
| Foreign government bonds | 9,117 | 10,144 | 9,382 | 9,328 |
| Corporate bonds | 1,171,960 | 1,128,128 | 1,103,350 | 1,106,282 |
| Asset-backed securities | 1,114,117 | 1,050,685 | 901,878 | 900,821 |
| Other debt securities | 40,835 | 5,633 | | 8,087 |
| | (Won) 15,436,760 | (Won) 15,994,184 | (Won) 12,968,506 | (Won) 16,180,784 |

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| Classification | Face value | Acquisition cost (*) | Adjusted by | | |
|------------------------------|------------------|----------------------|-------------------------|--------|------------------|
| | | | effective interest rate | method | |
| | | | | | Book value |
| Held-to-maturity securities: | | | | | |
| Government and public bonds | (Won) 4,621,429 | (Won) 4,605,400 | (Won) 4,609,832 | | (Won) 4,609,832 |
| Finance bonds | 3,570,159 | 3,543,074 | 3,564,988 | | 3,564,988 |
| Corporate bonds | 1,714,780 | 1,705,750 | 1,718,819 | | 1,718,819 |
| Asset-backed securities | 335,000 | 334,906 | 334,934 | | 334,934 |
| | (Won) 10,241,368 | (Won) 10,189,130 | (Won) 10,228,573 | | (Won) 10,228,573 |

(*) Acquisition costs of equity securities in available-for-sale are the book value before valuation.

As a result of the fair valuation of trading securities, the Bank recognized (Won)33,060 million of valuation gain and (Won)13,258 million of valuation loss for the nine months ended September 30, 2006 and 2005, respectively.

The fair values of trading and available-for sale debt securities in Won were assessed by applying the average of base prices as of September 30, 2006, provided by the bond pricing service institutions.

- (3) Available-for-sale securities, which were not valued at fair value as of September 30, 2006 and December 31, 2005, were as follows (Unit: In millions):

| Company | 2006 | 2005 |
|---|---------------|--------------|
| Bad Bank Harmony (preferred stock) | (Won) 58,848 | (Won) 12,279 |
| Korea Asset Management Corp. | 15,667 | 15,667 |
| Samsung Life Insurance Co., Ltd. | 7,479 | 7,479 |
| Korea Highway Corp. | 6,248 | 6,248 |
| CLS | 5,107 | 5,191 |
| Kyobo Investment Trust Management Co., Ltd. | 2,100 | 2,100 |
| Korea Money Broker Corp. | 1,291 | 1,291 |
| Mercury | 1,088 | 1,088 |
| Tianjin Samsung Opto Electronics | 923 | 989 |
| Others | 13,329 | 17,281 |
| | (Won) 112,080 | (Won) 69,613 |

- (4) The impairment loss and the reversal of impairment loss on available-for-sale securities recognized for the nine months ended September 30, 2006 and 2005 were as follows (Unit: In millions):

| | 2006 | | 2005 | |
|-------------------------|--------------|--------------|-------------|-------------|
| | Impairment | Reversal | Impairment | Reversal |
| Equity securities | (Won) 10,980 | (Won) 81,408 | (Won) 4,215 | (Won) 7,422 |
| Equity investments | 1 | | 1 | |
| Corporate bonds | | 2,317 | 468 | |
| Asset-backed securities | 42,482 | | 21,460 | |

(Won) 53,463 (Won) 83,725 (Won)