

Edgar Filing: KOOKMIN BANK - Form 425

KOOKMIN BANK
Form 425
May 30, 2003

Filed by Kookmin Bank

Pursuant to Rule 425 under the Securities Act of 1933

Subject Companies: Kookmin Bank

(Exchange Act file number 1-15258)

These materials contain certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of the safe-harbor provisions of the U.S. federal securities laws. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors that are beyond Kookmin Bank's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors detailed in Kookmin Bank's reports filed with the Securities and Exchange Commission (the Commission). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of these materials. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

Investors and security holders are advised to read any prospectus required to be filed with the Commission regarding the potential business combination transaction between Kookmin Bank and Kookmin Credit Card. If required, a prospectus will be filed with the Commission either by Kookmin Bank, Kookmin Credit Card or a newly formed corporation. Security holders may obtain a free copy of such prospectus (if required and when available) and other related documents filed by Kookmin Bank, Kookmin Credit Card and/or such newly formed corporation at the Commission's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. If required and when available, the prospectus and other documents may also be obtained from Kookmin Bank by contacting Kookmin Bank, Investor Relations Team, 36-3 Yoido-dong, Youngdeungpo-ku, Seoul 150-758, Korea.

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The following materials were released by Kookmin Bank on May 30, 2003.

Merger Summary

1. Merger Objective

The purpose of the merger (the Merger) between Kookmin Bank (KB) and Kookmin Credit Card Co., Ltd. (KCC) is to further develop the credit card business by combining the potential power and maximizing management efficiency through the consolidation of the credit card businesses, and to enhance competitiveness by actively responding to the market changes through enhancing the appropriateness of resource allocation and efficient use of expenses.

2. Merger Method

KCC will be merged into KB and will cease to exist after the completion of the merger.

3. Merger Facts

A. Changes of the Surviving Company

(Unit: KRW Million, shares)

<u>Item</u>	<u>Type</u>	<u>Before Merger</u>	<u>After Merger</u>
Authorized shares	Common share	1,000,000,000	1,000,000,000
	Preferred share	0	0
Shares issued and outstanding	Common share	328,258,685	336,379,116 (see Note 1)
	Preferred share	0	0
Paid-In-Capital		1,641,293	1,681,896 (see Note 1)
Total reserves		8,353,922 (see Note 2)	8,557,235 (see Note 3)

Notes:

- 1) The aggregate number of shares issued and outstanding and the paid-in-capital after the Merger may be adjusted as a result of the exercise of appraisal rights, etc. by the shareholders of KB.
- 2) Total reserves prior to the Merger are the sum of the capital surplus and retained earnings as of December 31, 2002.
- 3) Total reserves after the Merger may change based on calculations in accordance with the relevant regulations and/or accounting principles under the Korean generally accepted accounting principles.

B. Allotment of New Shares to Shareholders of Acquired Company

- 1) Allotment of New Shares

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KB will issue 0.442983 share of common stock (par value 5,000 Won) of KB for one share of common stock (par value 5,000 Won) of KCC to the shareholders listed on the shareholders registry of KCC as of the date of the Merger.

2) Fractional Shares

In the event that any fractional shares arise in connection with the allotment of new shares, such fractional shares will be paid in cash calculated based on the closing price of the shares of KB as of the date the new shares will be issued on the Korea Stock Exchange (KSE).

C. Status of Treasury Stock, Etc.

(Unit: shares)

<u>Company</u>	<u>Type</u>	<u>Before merger</u>	<u>Rate</u>	<u>Remarks</u>
KB	Treasury Stock	3,016,089	0.919%	
	KCC Shares	54,365,028	74.269%	
KCC	Treasury Stock	503,724	0.688%	
	KB Shares	0	0	

Note: As of December 31, 2002

D. Disposal of Treasury Stock, Etc.

3,016,089 treasury shares held by KB will be disposed of in accordance with the Korean Commercial Code and the Korean Securities and Exchange Act.

With respect to 54,365,028 shares of KCC held by KB and 503,724 shares of KB held by KCC, no new shares will be issued.

E. Monetary Consideration Payable to the Shareholders of KCC in connection with the Merger:

Not applicable

F. Merger Schedule

<u>Matter</u>	<u>Date</u>
BOD resolution	May 30, 2003
Execution of the Merger Agreement	May 30, 2003
Record date to determine shareholders eligible to vote at the meeting of shareholders for approval of the Merger	August 26, 2003
Meeting of shareholders for approval of the Merger	September 16, 2003

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Appraisal right exercise period	From	September 18, 2003
	To	September 27, 2003
Date of the Merger		September 30, 2003
Date of shareholders meeting to report the closing of the Merger		October 1, 2003

Date of public notice to report the closing of the Merger	October 1, 2003
Other schedule (Scheduled dates of listing of new shares)	<p>Publication of closing of the shareholders registry and record date: August 18, 2003</p> <p>Period for submission of dissenting shareholders' objection to the Merger: June 17, 2003 ~ June 30, 2003 (KB) / September 6, 2003 ~ September 15, 2003 (KCC)</p> <p>Period for submission of dissenting creditors' objection to the Merger: August 19, 2003 ~ September 18, 2003 (KB) / September 18, 2003 ~ September 27, 2003 (KCC)</p> <p>Period for submission of KCC share certificates: September 24, 2003 ~ September 29, 2003 (KCC)</p> <p>Scheduled date of listing of new shares: October 15, 2003</p> <p>Payment date for shares for which appraisal rights were exercised: November 20, 2003</p>

Notes:

- 1) Record date to determine shareholders who are eligible to vote at the meeting of shareholders for approval of the Merger: Applicable only for KCC
- 2) The meeting of shareholders for approval of the Merger:
 - * KB: Date of resolution of the board of directors meeting (August 18, 2003)
 - * KCC: Date of resolution of the shareholders' meeting (September 16, 2003)
- 3) Period for the exercise of appraisal rights: Applicable only for KCC
- 4) As the Merger is conducted in accordance with the small-scale merger procedure prescribed under Article 527-3 of the Korean Commercial Code, the approval of the shareholders' meeting may be replaced with a resolution of the BOD meeting. However, if the shareholders of KB holding more than 20/100 of the total number of issued and outstanding shares of KB dissent to the Merger, the shareholders meeting must be held for approval of the Merger.
- 5) A shareholder of KB who opposes the Merger must notify KB of his objection in writing within two weeks from the date of the public notice of the Merger without the approval of the shareholders' meeting. Beneficial shareholders may notify its opposition of the Merger through securities companies with which such shareholders deposited their shares.
- 6) The shareholders meeting for report of the closing of the Merger may be replaced with the public notice given in accordance with a resolution of the board of directors.

G. Other Material Information in the Merger Agreement

The scheduled date of the Merger is September 30, 2003. In the event that any approvals, permits or consents of any governmental entity are obtained later than scheduled, or the shareholders of KB holding more than 20/100 of the total number of issued and outstanding shares of KB dissent to the Merger, the date of the Merger may be changed by mutual agreement of KB and KCC.

4. Merger Ratio and Calculation Method

A. Merger Ratio

<u>Acquired Company</u>	<u>Common share</u>	<u>Preferred share</u>
Kookmin Credit Card Co., Ltd.	0.442983	0

* KB shall issue 0.442983 share of common stock (par value 5,000 Won) of KB for one share of common stock (par value 5,000 Won) of KCC.

B. Calculation Method

1) Summary

The merger ratio for a corporation listed on the KSE and a corporation registered on the KOSDAQ is required to be calculated pursuant to Article 84-7(1) of the Enforcement Decree of Korean Securities and Exchange Act (the SEA) and Article 36-12 of the Enforcement Rules of the SEA.

2) Merger Ratio

The base stock price was calculated based on the lesser of (a) the arithmetic average of (i) the closing stock price on May 29, 2003, (ii) the weighted average closing stock price for the one week period ending May 29, 2003, and (iii) the weighted average closing stock price for the one month period ending May 29, 2003, and (b) the closing stock price on May 29, 2003.

<u>Item</u>	<u>KB</u>	<u>KCC</u>
Base Stock Price	31,780 Won	14,078 Won
Common Stock Merger Ratio	1	0.442983
- The merger ratio was calculated pursuant to Article 84-7(1) of the Enforcement Decree and Article 36-12 of the Enforcement Rules of the SEA.		

5. Evaluation Summary of the Appraiser's Opinion

Not applicable

6. Equity Investments, Payment Guarantees and Other Transactions

KB

A. Equity Investments

As of March 31, 2003

(Unit: KRW million, thousands of shares)

Name (Corporate Name)	Relation	Type of Investment	Number of Shares	Shareholding Ratio(%)	Acquisition Cost
Kookmin Card	Affiliate	Investment Shares	54,365	74.27	412,502
KB Investment Co., Ltd			8,942	99.89	78,080
Kookmin Futures Co., Ltd.			3,999	99.98	25,757
Kookmin Data Systems Corporation			800	99.98	13,559
KB Real Estate Trust Co., Ltd.			16,000	99.99	86,975
KB Investment Trust Management			6,134	80.00	47,274
KB Credit & Information			784	62.57	9,011
Joo Eun Industrial Co., Ltd.			2,000	99.99	
Jangeun Securities			4,855	36.41	
ING Life Insurance Korea Ltd.			1,400	20.00	25,234
Korea Mortgage Corporation			6,000	26.67	34,268
Sub total			105,278		732,660
Local Subsidiary in Luxembourg	Affiliate	Investment Shares	70	100.00	5,929
Local subsidiary in Singapore			20,048	100.00	2,206
Local subsidiary in Hong Kong			2,000	100.00	293
Local subsidiary in London			20,000	100.00	49,474
Hong Kong corporation (formerly limited liability company)			2,000	100.00	63,532
Sub total			44,118		121,435
Kunyoung Co., Ltd.	N/A	Marketable Shares	256	1.25%	159
Namsun Aluminum Company Limited			185	1.04%	513
Daerim Corporation			315	2.11%	713
Daewoo Engineering & Construction Co., Ltd			2,247	1.35%	6,349
Daewoo International Corporation			463	1.08%	1,001
Daewoo Precision industries co., ltd.			104	0.83%	1,326
Daewoo Shipbuilding & Marine Engineering Co., Ltd.			582	0.30%	5,515
Daewoo Heavy Industries & Machinery Ltd.			1,859	1.11%	5,838

Name (Corporate Name)	Relation	Type of Investment	Number of Shares	Shareholding Ratio(%)	Acquisition Cost
THE KOREA EXPRESS CO., LTD.			137	1.33%	988
MAXON TELECOM CO., LTD (preferred stock)			237	2.26%	473
MONALISA CO. LTD			1	0.00%	1
Miju Steel Co., Ltd			243	3.33%	844
SAEHAN INDUSTRIES INC. (evaluated based on NAV)			3,303	2.93%	4,955
Seo Han Co., Ltd.	N/A	Marketable Shares	172	0.19%	81
Shinwon Corporation			11,341	5.58%	1,928
Shinwon Construction Co., Ltd			215	2.02%	367
Ssagyong Corporation			322	0.82%	579
Ssagyong Engineering & Construction Co., Ltd.			163	1.07%	395
Ssagyong Motor Company			2,526	2.09%	11,997
Eyes Vision			12	1.05%	55
WOO BANG HOUSING & CONSTRUCTION CO., LTD.			1,155	11.18%	4,031
JINDO CORP.			39	0.19%	19
Prochips Technology Inc.			165	0.45%	150
HAN KOOK CAPITAL CO., LTD.			296	1.71%	653
Hanmi Capital Co., Ltd.			1,930	5.24%	1,120
HANCHANG			11	0.11%	9
Hyundai Eng & Const Co., Ltd.			25,377	5.19%	42,125
HYUNDAE METAL CO. LTD (common shares)			197	0.46%	158
HYUNDAE METAL CO. LTD (preferred shares of class 2)			82	0.19%	45
HUNG CHANG			52	2.00%	144
C&H Capital			2,144	9.75%	3,195
INI Steel			2,495	2.14%	10,914
KP Chemical			7,481	7.89%	17,805
KT Freetel			13	0.01%	304
SK Telecom Co.				0.00%	65
KIA MOTORS CORPORATION			2,417	0.65%	17,134
DAEWOO SECURITIES CO., LTD			3,040	1.60%	10,306
Hansol Mutual Savings Bank			70	0.51%	78
Korea Zinc Co., Ltd.			360	1.91%	6,413
Hangang Restructuring Fund			5,420	4.28%	7,371
KEPCO			300	0.05%	5,370
POSCO			32	0.04%	3,152
Samsung Electronics Co. Ltd			30	0.02%	8,520
SK Telecom Co.			12	0.01%	1,836
KT			157	0.05%	6,806
Hyundai eng & const co. ltd (Kookmin)			2,398	0.49%	3,980
Hyundai eng & const co. ltd (Housing)			2,254	0.46%	3,742
Hynix Semiconductor Inc. (Kookmin)			299	0.01%	40
Hynix Semiconductor Inc. (Housing)			281	0.01%	38

Name (Corporate Name)	Relation	Type of Investment	Number of Shares	Shareholding Ratio(%)	Acquisition Cost
SYSTEMS TECHNOLOGY INC.			200	3.03%	304
Net Secure Technology, Inc.			180	2.15%	77
Korea Digital Media, Inc.			240	2.24%	650
KT Freetel			540	0.29%	12,879
OVAL KOREA LIMITED			286	6.49%	409
Digital Camp Co., Ltd.			361	6.45%	329
SK Securities Co., Ltd.			15,185	5.58%	13,743
Hangang Restructuring Fund			2,500	1.97%	3,400
ByuckSan Engineering & Construction Co., LTD			2,105	5.25%	3,947
SAHAVIRIYA STEEL INDUSTRY			465		2,131
INDUSTRIAL DEVELOPMENT LEASING COM			601		1,712
Sub-total			105,854		239,180
KABOOL LTD.	N/A	Non-Marketable Shares	3,414	1.97%	
KOHAP. CORP			1,148	3.08%	
DAERIM CORPORATION (preferred stock)			105	0.70%	526
DAEWOO CORPORATION			1,719	0.73%	
DAEWOO ELECTRONICS Corp.			1,972	1.85%	9,862
DAEWOO ELECTRONICS CO., LTD			5,123	5.71%	
DAEWOO PRECISION INDUSTRIES CO., LTD.			31	0.25%	157
Daewoo Telecom Co., Ltd.			175	0.68%	
Korea Housing Guarantee Co., Ltd.			68,386	11.79%	104,432
Renault Samsung Motors Co., Ltd.			70	0.08%	348
Medison Co., Ltd.			622	0.64%	
Samsung Life Insurance Co., Ltd			23	0.11%	7,479
Shinwha Steel Co., Ltd.			3	0.74%	13
Orion CRV			123	2.79%	
Insung Hori Plastic			19	14.88%	
Chunggu			646	5.08%	
Pyunghwa Plastic			1	0.11%	
Korea Real Estate Trust			74	0.35%	
Korea Aerospace Industries, Ltd.			429	0.46%	2,179
Hyundai Petrochemical Co., Ltd.			4,035	9.31%	20,173
Kyong Buk Trading Corp.			60	10.00%	220
Kyobo Investment Management			420	7.00%	2,100
Kibo Technology Advancing Capital Co.			13	0.12%	66
Kyhyun Finance			100	1.72%	533
Daegu Complex Transportation			12	3.00%	15
Daegu General Trade Center			115	0.70%	620
Daegu General Information Center			10	1.25%	32

Name (Corporate Name)	Relation	Type of Investment	Number of Shares	Shareholding Ratio(%)	Acquisition Cost
Dong Ah Aluminum			20	7.14%	100
Dong Yang Textiles			30	10.00%	130
Dong II Aluminum			488	9.38%	297
Midas International Asset Management			100	7.14%	500
Premises of Suwon Station			60	6.22%	600
Shinsung Electronics Industries, Ltd.			18	9.26%	19
Shinhan Wires			7	3.50%	35
KSS Line Ltd.			20	2.05%	4
Hankang Cable TV Corp.			146	8.24%	835
Korea Vilene Co. Ltd.			300	10.00%	3,000
Hyundai Investment & Securities Co., Ltd.			200	0.48%	
Mirae Asset Group			1,000	4.43%	5,000
Shinwoo Ind. Co., Ltd.			1	8.33%	
Korea Micro Research			10	7.69%	
Jinheung Precision Chemicals			58	6.20%	
Space Technology			94	9.37%	26
Linux One Inc.			200	3.10%	1,000
Integra Telecom Co., Ltd			103	12.35%	
Bogo Tech			293	2.47%	409
ID Phone	N/A	Non-Marketable Shares	405	8.01%	500
C&S Microwave Co., Ltd.			54	6.88%	2,000
Peoplenet Communications Co.			32	6.27%	500
Bio Clue & Solution			67	6.43%	517
Inochip Technology			110	5.60%	700
Booyang Telecom Inc.			100	4.31%	500
Camas			30	5.96%	1,022
DS World			42	8.28%	1,080
Remaco			100	5.88%	500
Igenedu			100	13.81%	500
HANBit Electronics Co., Ltd.			27	5.32%	500
Ensys			4	6.52%	300
Shin Han Machinery Co., Ltd			33	3.70%	500
SkyLife Broadcasting			390	0.65%	2,157
DONGBU ELECTRONICS CO., LTD.			6,000	6.61%	30,000
Interconstech			13	3.97%	500
Hyundai Home Shopping Network Corporation			536	5.96%	2,680
DiS Inc. Co., Ltd.			33	5.56%	500
Global M Tech Co., Ltd.			11	7.55%	200
OBCSoft Co. Co., Ltd.			10	9.43%	500
Sukgyung AT Co., Ltd.			239	6.28%	400
Phoenix Display Electronics Co., Ltd.			96	6.81%	2,000
Solomon Credit Information Co., Ltd.			128	10.34%	741
MC Tech Co., Ltd.			25	6.41%	500
Daeyoo System			15	15.00%	300
DY Tech			6	6.91%	300
NICE e-Banking Services			80	4.65%	2,000
Promax Engineering Co., Ltd			16	3.81%	400
Goldviva			225	14.05%	450

Name (Corporate Name)	Relation	Type of Investment	Number of Shares	Shareholding Ratio(%)	Acquisition Cost
ALKENZ Co., Ltd.			63	9.06%	1,000
Landmark Development			20	10.00%	100
KOREA FINANCE SECURITY CO., LTD			240	14.97%	918
The Korea Economic			12	0.09%	59
KOREA HIGHWAY CORPORATION			573	0.12%	6,248
KOREA GENERAL CHEMICAL CORPORATION			66	0.37%	
KOREA SECURITIES CORPORATION			1,632	2.40%	8,160
National Information & Credit Evaluation INC.			372	7.85%	2,668
Korea Securities Depository			5	0.13%	71
Korea Money Broker Corporation			119	5.97%	1,291
Seoul Debt Restructuring Fund			14,240	11.87%	30,506
Arirang Restructuring Fund			7,920	11.88%	27,105
Mukoongwha Restructuring Fund			7,920	11.88%	34,627
Mondex Korea Co., Ltd			218	7.46%	1,100
Korea Asset Management corporation			1,506	5.38%	7,827
Daehan Investment Trust Co., Ltd.			4,000	0.69%	
NICE Pricing Services, Inc.			40	6.67%	200
Coram Deo			20	8.00%	
BC CARD CO., LTD			218	4.95%	5,738
BOO YOUNG FINANCE			100	5.00%	620
Hanwha Investment Trust Management Co., Ltd.			660	11.00%	3,487
DongWon Capital Co., Ltd	N/A	Non-Marketable Shares	180	1.38%	565
PUSAN ENVIRONMENT DEVELOPMENT CO., LTD			4	0.20%	
Koentec Co., Ltd.			4	0.10%	20
CCKvan Co., Ltd			63	4.77%	250
NeoBill.co., LTD			12	6.28%	60
KIDB Securities Brokerage Co., Ltd.			100	12.50%	539
Korea Bond Pricing & KR Co.			44	4.37%	180
VCASH CO, LTD.			70	2.33%	340
Koasset Investment			24	1.19%	32
My Home Securitization Specialty Co., Ltd.				10.00%	
H&CB 9901 ABS Specialty Co. Ltd.				14.95%	
H&CB 0002 ABS Specialty Co., Ltd				15.00%	
H&CB 0003 Specialty Co., Ltd.				15.00%	
H&CB 200004 ABS Specialty Co., Ltd.				4.90%	
H&CB 200105 ABS Specialty Co., Ltd.				4.90%	
Weidong Ferry Co., Ltd.			825		413
TIANJIN SAMSUNG OPTO_ELECTRONICS			1,000		1,224
NANJING KUMHO TIRE CO LTD			2,860		2,665

Name (Corporate Name)	Relation	Type of Investment	Number of Shares	Shareholding Ratio(%)	Acquisition Cost
ASIA FINANCE AND INVESTMENT CORP					1,230
PLNTER DB			1,489		468
ASIA CREDIT					10,325
PAN ASIA PAPER			1,275		2,149
AYUDHYA DEVELOPMENT LEASING CO., LTD			2,500		729
CHASE SECURITIES INTL (LONDON)			204		255
CHASE SECURITIES INTL (LONDON)			601		753
BARING COMMUNICATIONS EQUITY (WARS)			4,665		2,033
CHINA ENTERPRISE DEVELOPMENT FUND			1,000		1,278
Subtotal			157,785		370,689
Stock Market Stabilization Fund Investment	N/A	Contribution	9,431,583	3.44%	11,765
KLB No. 3 Venture Investment Partnership			9	69.23%	9,000
Pacific IT Investment Partnership			1	50.00%	7,000
National Pension Corporation 02-4 Kookmin Venture Partnership				33.33%	5,000
KLB No. 2 Venture Investment Partnership			5	55.56%	
Daegu Venture Investment Partnership				9.62%	500
Sinbo Environmental Venture Investment Partnership No. 2				10.00%	1,000
Kookmin ABS-2 Specialty Co., Ltd.				15.00%	2
Kookmin-3 ABS Specialty Co., Ltd.				15.00%	2
Kookmin-4 ABS Specialty Co., Ltd.	N/A	Contribution		15.00%	2
Kookmin-5 ABS Specialty Co., Ltd.				4.90%	
Kookmin-6 ABS Specialty Co., Ltd.				4.90%	
KOOKMIN CLO First ABS Specialty Co., Ltd.					
Sub-total			9,431,598		34,271
Total			9,844,633		1,498,236

Note: Acquisition cost is based on book value.

B. Payment Guarantees

(1) Guarantees in Won

As of March 31, 2003

(Unit: million won)

Name (Corporate Name)	Relation	Creditor	Description of guarantee	Guarantee period	Amount
BUSAN Mutual Savings Bank Co., Ltd.	N.A.	Each Noteholder	Payment guarantee secured by loans	06-07-05	9,000
Hanwha Corp.	N.A.	Each Noteholder	Other payment guarantee in KRW	04-12-19	8,135
Maeil New Zealand Cheese	N.A.	Each Noteholder	Payment guarantee secured by loans	03-10-31	5,000

Name (Corporate Name)	Relation	Creditor	Description of guarantee	Guarantee period	Amount
BUSAN Mutual Savings Bank Co., Ltd.	N.A.	Each Noteholder	Payment guarantee secured by loans	06-07-05	4,500
Yetop Engineering	N.A.	Each Noteholder	Other payment guarantee in KRW	03-05-27	4,379
Dongyang Tinplate Ind. Co., Ltd.	N.A.	Each Noteholder	Payment guarantee secured by loans	03-08-11	3,477
Solex Planning.	N.A.	Each Noteholder	Other payment guarantee in KRW	03-11-01	2,300
Clock Catch Seoul	N.A.	Each Noteholder	Other payment guarantee in KRW	03-11-25	2,200
Micheong	N.A.	Each Noteholder	Other payment guarantee in KRW	04-05-31	2,099
Comtel System	N.A.	Each Noteholder	Other payment guarantee in KRW	03-06-30	2,000
Grape Communications	N.A.	Each Noteholder	Other payment guarantee in KRW	03-12-24	2,000
Grape Communications	N.A.	Each Noteholder	Other payment guarantee in KRW	03-12-24	2,000
Others					234,144
Total					281,234

(2) Guarantees in Foreign Currency

As of March 31, 2003

(Unit: million won)

Name (Corporate Name)	Relation	Creditor	Description of guarantee	Guarantee period	Amount
Korea First Bank	N.A.	Each Noteholder	Other payment guarantee in foreign currency	04-03-08	60,718
ARD Holdings	N.A.	Each Noteholder	Other payment guarantee in foreign currency	03-12-20	55,128
Samsung Heavy Industries	N.A.	Each Noteholder	Guarantee of performance of contractual obligations	03-03-31	39,729
SK Global	N.A.	Each Noteholder	Guarantee of subscription	03-09-08	36,148
SK Global	N.A.	Each Noteholder	Guarantee of subscription	03-07-18	28,565
SK Global	N.A.	Each Noteholder	Guarantee of subscription	03-08-19	27,764
Walkerhill	N.A.	Each Noteholder	Other payment guarantee in foreign currency	03-06-28	26,346
SK Global	N.A.	Each Noteholder	Guarantee of subscription	03-08-20	24,609
SK Global	N.A.	Each Noteholder	Guarantee of subscription	03-09-08	18,731
SK Global	N.A.	Each Noteholder	Guarantee of subscription	03-08-01	18,450
Others					555,730
Total					891,918

C. Collateral Provided

As of March 31, 2003

				(Unit: million won)		
<u>Name</u>	<u>Relation</u>	<u>Creditor</u>	<u>Security</u>	<u>Period of security</u>	<u>Priority of security and limit thereof</u>	<u>Amount</u>
KB	N.A.	UBS Warburg London	Korea Exchange Bank			3,717
		UBS Warburg London	Woori Bank			4,247
		UBS Warburg London	Seoul Bank			1,493
		UBS Warburg London	Seoul Bank			3,732
		UBS Warburg London	Korea First Bank			3,747
		UBS Warburg London	Seoul Bank			7,465
		UBS Warburg London	Korea Exchange Bank			7,435
		UBS Warburg London	Woori Bank			4,247
		UBS Warburg London	Woori Bank			4,648
		UBS Warburg London	Woori Bank			4,247
		UBS Warburg London	POSCO			9,875
		UBS Warburg London	Government of Republic of Korea			5,009
		UBS Warburg London	Government of Republic of Korea			3,189
		UBS Warburg London	Korea Development Bank			5,084
		UBS Warburg London	Korea Development Bank			5,012
		UBS Warburg London	Woori Bank			17,215
		UBS Warburg London	Korea First Bank			3,747
		UBS Warburg London	Seoul Bank			2,239
		UBS Warburg London	GENL MOTORS ACCEPT CORP			2,733
		UBS Warburg London	GENL MOTORS ACCEPT CORP			4,225
		Korea Development Bank	National Bonds Management Fund bonds 96-4			1,900
		RP Customer	Shinhan Financial Group 6			10,000
		RP Customer	Samsung Card 52			10,000

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RP Customer	Foreign Currency Balancing Fund, bonds 99-3	20,000
RP Customer	Foreign Currency Balancing Fund2000-1	25,000
RP Customer	Foreign Balancing Bonds2000-2	10,000
RP Customer	Foreign Balancing Bonds2000-2	10,000
RP Customer	Foreign Balancing Bonds2000-4	20,000
RP Customer	Foreign Currency Balancing Fund2000-5	20,000
RP Customer	Foreign Currency Balancing Fund2000-5	50,000
RP Customer	Foreign Currency Balancing Fund2000-5	50,000
RP Customer	Foreign Currency Balancing Fund2000-5	30,000
RP Customer	Foreign Balancing Bonds2000-4	20,000
RP Customer	Foreign Balancing Bonds2000-4	30,000
RP Customer	Foreign Balancing Bonds2000-4	20,000
RP Customer	Foreign Balancing Bonds2000-4	20,000
RP Customer	Foreign Balancing Bonds2000-4	50,000
RP Customer	Treasury Bonds99-15	16,000
RP Customer	Treasury Bonds99-15	10,000
RP Customer	Treasury Bonds99-12	50,000
RP Customer	Treasury Bonds99-6	15,000
RP Customer	Treasury Bonds2000-15	20,000
RP Customer	Treasury Bonds2000-12	20,000
RP Customer	Treasury Bonds2000-12	17,000
RP Customer	Treasury Bonds97-5	8,800
RP Customer	Foreign Balancing Bonds2000-6	48,000
RP Customer	Deposit Insurance Fund 9th 981023-50	5,000
RP Customer	Insurance Fund980103-55	10,000
RP Customer	Insurance Fund980103-55	10,000
RP Customer	Insurance Fund980103-55	10,000
RP Customer	Busan Traffic Bonds72	10,000

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RP Customer	Busan Traffic Corporation71	30,000
RP Customer	Busan Traffic Bonds60	30,000
RP Customer	Busan Traffic Bonds 57	20,000
RP Customer	Small and Medium Industry Promotion Corp 123	10,000
RP Customer	Deposit Insurance Fund53 010212-50	30,000
RP Customer	Deposit Insurance Fund53 010212-50	10,000
RP Customer	Insurance Fund bonds 010119-50	20,000

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RP Customer	Insurance Fund bonds 010119-50	10,000
RP Customer	Insurance Fund bonds 010119-50	10,000
RP Customer	Insurance Fund bonds 010119-50	20,000
RP Customer	Insurance Fund bonds 010119-50	10,000
RP Customer	Insurance Fund bonds 010119-50	10,000
RP Customer	Insurance Fund bonds 010119-50	30,000
RP Customer	Insurance Fund bonds 010119-50	20,000
RP Customer	Insurance Fund bonds 010119-50	10,000
RP Customer	Insurance Fund bonds 010119-50	10,000
RP Customer	Insurance Fund bonds 010119-50	20,000
RP Customer	Insurance Fund bonds 010119-50	10,000
RP Customer	Insurance Fund bonds 001219-50	20,000
RP Customer	Insurance Fund bonds 001219-50	10,000
RP Customer	Insurance Fund bonds 001219-50	20,000
RP Customer	Insurance Fund bonds 001219-50	20,000
RP Customer	Insurance Fund bonds 001219-50	50,000
RP Customer	Insurance Fund bonds 001219-50	30,000
RP Customer	Insurance Fund991117-50	30,100
RP Customer	Insurance Fund991029-50	10,000
RP Customer	Deposit Insurance Fund, 24th, 990618-50	10,000
RP Customer	Insurance Fund bonds 990520-50	15,000
RP Customer	Insurance Fund bonds 981204-50	11,000
RP Customer	Small and Medium Industry Promotion Corp. 123	30,000
RP Customer	Korea Agricultural & Rural Infrastructure Corp.2	50,000
RP Customer	Korea Highway Corp 202	20,000
RP Customer	Land Development, 87 Ah 19-25	10,000
RP Customer	Land Development, 187 Ah 19-7	12,000
RP Customer	Land Development, 261ga 3	10,000

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RP Customer	Treasury Bonds2000-6	20,000
RP Customer	Treasury Bonds2000-6	70,000
RP Customer	Korea High-Speed Train Construction (KHTC), 4-flexible (subordinated)	73,000
RP Customer	Kookmin Credit Card (ABS)1-1(ABS)	30,000
RP Customer	Korea Housing Mortgage ABS MBS 2000-2(1-10)	15,000
RP Customer	Korea Housing Mortgage ABS MBS 2000-2(1-9)	15,000
RP Customer	Korea Housing Mortgage ABS MBS 2000-2(1-8)	22,000
RP Customer	Korea Housing Mortgage 2000-1(1-9)	5,000
RP Customer	Korea Housing Mortgage ABS MBS 2000-2(1-7)	10,000
RP Customer	Korea Housing Mortgage 2000-1(1-8)	10,000
RP Customer	KHTC bonds 29	30,000
RP Customer	Insurance Fund980130-60	10,000
RP Customer	Deposit Insurance Fund, 3rd, 980123-70	10,000
RP Customer	Insurance Fund980123-60	10,000
RP Customer	Insurance Fund001230-52	20,000
RP Customer	Insurance Fund001230-52	20,000
RP Customer	Insurance Fund bonds 980103-65	15,000
RP Customer	Insurance Fund bonds 010221-50	20,000
RP Customer	Insurance Fund bonds 010221-50	30,000
RP Customer	Insurance Fund bonds 010221-50	10,000
RP Customer	Insurance Fund bonds 010221-50	20,000
RP Customer	Insurance Fund bonds 010221-50	10,000
RP Customer	Insurance Fund bonds 010221-50	10,000
RP Customer	Insurance Fund bonds 010131-50	20,000
RP Customer	Insurance Fund bonds 001223-50	20,000
RP Customer	Insurance Fund bonds 001223-50	10,000
RP Customer	Insurance Fund bonds 001223-50	10,000
RP Customer	Insurance Fund bonds 001223-50	10,000

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RP Customer	Insurance Fund bonds 001223-50	20,000
RP Customer	Insurance Fund bonds 001223-50	40,000
RP Customer	Insurance Fund bonds 001223-50	10,000
RP Customer	Insurance Fund bonds 001223-50	10,000
RP Customer	25 KDIC bonds 990624-50	20,000
RP Customer	Deposit Insurance Fund, 23rd, 990527-50	10,000
RP Customer	Deposit Insurance Fund 23rd, 990527-50	10,000
RP Customer	Insurance Fund bonds 980103-60	5,000
RP Customer	Insurance Fund bonds 980103-60	10,000
RP Customer	Deposit Insurance Fund, 75th,011109-70	10,000
RP Customer	Deposit Insurance Fund bonds (60th 010511-50)	50,000
RP Customer	Deposit Insurance 58th ,010409-50	50,000
RP Customer		30,000

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RP Customer	Deposit Insurance Fund 53rd, 010212-50	10,000
RP Customer	Deposit Insurance Fund 53rd, 010212-50	10,000
RP Customer	Foreign Balancing Bonds2000-4	14,000
RP Customer	Foreign Balancing Bonds2000-2	20,000 30,000
RP Customer R/P Customer	Foreign Currency Balancing Fund2000-1 Foreign Currency Balancing Fund2000-1	10,000
R/P Customer	Shinhan Financial Group 10	50,000
R/P Customer	Qhgjarlrma980730-70(FRN)	70,000
R/P Customer	Shinsegae90	20,000
R/P Customer	Foreign Currency Balancing Fund bonds 99-3	30,000
R/P Customer	Foreign Balancing Bonds2000-2	9,000
R/P Customer	Land Development 87Sa 2-14	3,000
R/P Customer	KARICO1	3,344
R/P Customer	Reorganization Fund bonds 2 (flexible) 015009-29(FRN)	105,315
R/P Customer	Insurance Fund980730-70(FRN)	10,000
R/P Customer	Reorganization Fund bonds 2 (flexible) 015012-309(FRN)	14,345
R/P Customer	Reorganization Fund bonds 3(flexible) 015006-30(FRN)	1,246
R/P Customer	Reorganization Fund bonds2 (flexible) 015009-29(FRN)	10,000
R/P Customer	Reorganization Fund bonds2 (flexible) 015-009-29(FRN)	10,000
R/P Customer	Reorganization Fund bonds 2(flexible)015-009-29(FRN)	10,000
R/P Customer	Reorganization Fund bonds 2(flexible)015-009-29(FRN)	20,000
R/P Customer	Reorganization.Fund bonds 2(flexible) 015-009-29(FRN)	5,000
R/P Customer	Reorganization Fund bonds2(flexible)015-009-29(FRN)	10,000
R/P Customer	Landpia II99-1 ABS Specialty 1-1(ABS)	300
R/P Customer	Insurance Fund980123-60	10,000
R/P Customer	Insurance Fund991117-50	33,300
R/P Customer	Insurance Fund 40th (flexible)991224-50(FRN)	18,900
R/P Customer	Insurance Fund33(flexible)991101-50(FRN)	212,500

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R/P Customer	Deposit Insurance Fund 7th (flexible)98093050(FRN)	10,000
R/P Customer	Deposit Insurance Fund 7th (flexible)98093050(FRN)	35,000
R/P Customer	Deposit Insurance Fund, 7th (flexible)98093050(FRN)	10,000
R/P Customer	Deposit Insurance Fund 7th (flexible)98093050(FRN)	10,000
R/P Customer	Incheon International Airport22(flexible)(FRN)	18,200
R/P Customer	Incheon International Airport 20(flexible) (FRN)	20,000
R/P Customer	Incheon International Airport 18(flexible)(FRN)	50,000
R/P Customer	Incheon International Airport 17(flexible)(FRN)	30,000
R/P Customer	Landpia II99-1 ABS Specialty 1-2(ABS)	2,100
R/P Customer	Landpia II99-1 ABS Specialty 1-2(ABS)	500
R/P Customer	Landpia II99-1 ABS Specialty 1-2(ABS)	300
R/P Customer	Busil5007-23(FRN)	40,837
R/P Customer	Land Development 187th 20-29	1,005
R/P Customer	Industrial Finance bonds 35 (sin) 010500-10-23	2,000
R/P Customer	Foreign Balancing Bonds2000-4	10,000
R/P Customer	Treasury Bonds99-2	32,000
R/P Customer	Treasury Bonds99-12	8,500
R/P Customer	Treasury Bonds99-15	70,000
R/P Customer	Treasury Bonds99-15	10,000
R/P Customer	Insurance Fund980730-70(FRN)	20,000
Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	10,000
Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	10,000
Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	10,000
Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	6,000
Korea Construction Financial Cooperative	Treasury Bonds2002-02	31,311
Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	10,000
Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	4,000
Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	10,000

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	Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	1,497
	Korea Construction Financial Cooperative	Foreign Balancing Bonds2002-3	20,000
	Seoul Guarantee Insurance	Grain Securities 24-7	46,482
	KAMCO	Reorganization Fund bonds2(flexible)015009-29(FRN)	12,562
	KAMCO	Reorganization Fund bonds2(flexible)015009-29(FRN)	4,576
	KAMCO	Reorganization Fund 2(flexible)015007-31(FRN)	86,329
	KAMCO	Reorganization Fund 2(flexible)015007-31(FRN)	63,204
	Securities Finance	Foreign Balancing Bonds02-2	37,000
	Securities Finance	Foreign Balancing Bonds02-5	41,000
Subsidiary	Kookmin Futures Co., Ltd.	1st-type Citizens Housing bonds 98-4	1,500
	Kookmin Futures Co., Ltd.	1st-type Citizens Housing bonds 99-12	1,500
	Kookmin Futures Co., Ltd.	1st-type Citizens Housing bonds 2002-03	1,000

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N/A	N.A.C.F. Futures Corp.	1st-type Citizens	Housing bonds 98-4	3,000
	N.A.C.F. Futures Corp.	1st-type Citizens	Housing bonds 98-5	1,000
	Tongyang Futures	1st-type Citizens	Housing bonds 2002-03	9,000
	Samsung Futures	1st-type Citizens	Housing bonds 02-06	3,500
	Samsung Futures	1st-type Citizens	Housing bonds 02-4	5,000
	Samsung Futures	KEB Card 523		2,000
	Samsung Futures	1st-type Citizens	Housing bonds 98-5	1,000
	Samsung Futures	1st-type Citizens	Housing bonds 98-5	500
	KEB Futures	1st-type Citizens	Housing bonds 02-06	1,000
	Cheil Futures Co., Ltd.	1st-type Citizens	Housing bonds 00-12	6,000
	JP MORGAN FUTURES INC SPORE	1st-type Citizens	Housing bonds 98-5	500
	JP MORGAN FUTURES INC SPORE	1st-type Citizens	Housing bonds 98-8	1,500
	LG Futures Co., Ltd.	1st-type Citizens	Housing bonds 98-4	1,500
	LG Futures Co., Ltd.	1st-type Citizens	Housing bonds 02-4	5,000
Subsidiary	Kookmin Futures Co., Ltd.	1st-type Citizens	Housing bonds 01-06	10,000
	Kookmin Futures Co., Ltd.	1st-type Citizens	Housing bonds 00-12	1,000
N/A	Tongyang Futures	1st-type Citizens	Housing bonds 00-12	1,000
	PUEUN Futures Inc.	KEB Card 524		5,000
	Samsung Futures	KEB Card 523		4,000
	Samsung Futures	Industrial Finance bonds 0009015A		5,000
	KEB Futures	KEB Card 524		5,000
	Cheil Futures Co., Ltd.	KEB Card 523		4,000
	Credit Lyonnais Securities	1st-type Citizens	Housing bonds 02-06	500
	Hyundai Futures	1st-type Citizens	Housing bonds 00-12	1,000
	JP MORGAN FUTURES INC SPORE	Industrial Finance bonds 0009015A		10,000
	LG Futures Co., Ltd.	1st-type Citizens	Housing bonds 00-12	1,000
	LG Investment & Securities Co., Ltd.	Industrial Finance bonds 0009015A		10,000
	Bank of Korea	Insurance Fund 980730-70(FRN)		150,000

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Bank of Korea	Insurance Fund980730-70(FRN)	20,200
Bank of Korea	National Bonds Management Fund bonds 97-2	7,600
Bank of Korea	National Bonds Management Fund bonds 97-2	3,200
Bank of Korea	National Bonds Management Fund bonds 97-2	1,500
Bank of Korea	Treasury Bonds 97-5	12,100
Bank of Korea	Treasury Bonds 02-7	20,000
Bank of Korea	Foreign Balancing Bonds 02-1	20,000
Bank of Korea	Treasury Bonds 99-2	25,000
Bank of Korea	Treasury Bonds 2001-5	10,000
Bank of Korea	Deposit Insurance Fund,7th(flexible)980933050(FRN)	707,900
Bank of Korea	Deposit Insurance Fund,7th(flexible)980933050(FRN)	250,000
Bank of Korea	Deposit Insurance Fund,7th(flexible)980933050(FRN)	20,000
Bank of Korea	Deposit Insurance Fund,7th(flexible)980933050(FRN)	10,000
Bank of Korea	Deposit Insurance Fund,7th(flexible)980933050(FRN)	10,000
Bank of Korea	Insurance Fund33(flexible)991101-50(FRN)	65,000
Bank of Korea	Deposit Insurance Fund, 9th 981023-50	30,000
Bank of Korea	Insurance Fund990312-50	20,000
Bank of Korea	Insurance Fund bonds 010119-50	20,000
Bank of Korea	Deposit Insurance 58th 010409-50	20,000
Bank of Korea	66th Deposit, 010820-70	10,000
Bank of Korea	68th Deposit, 010917-70	10,000
Bank of Korea	68th Deposit, 010917-70	10,000
Bank of Korea	68th Deposit, 010917-70	10,000
Bank of Korea	Insurance Fund bonds 980103-60	20,000
Bank of Korea	Deposit Insurance Fund, 23rd 990527-50	30,000
Bank of Korea	KDIC 62nd 010629-70	10,000
Bank of Korea	Deposit Insurance, 69th 010921-70	10,000
Bank of Korea	Deposit Insurance, 69th 010921-70	10,000

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Bank of Korea	Non-performing bonds 5009-30(FRN)	167,900
Bank of Korea	Insurance Fund980730-70(FRN)	90,000
Bank of Korea	Deposit Insurance Fund,7th(flexible)98093050(FRN)	63,950
Bank of Korea	Deposit Insurance Fund,7th(flexible)98093050(FRN)	300,000
Bank of Korea	Monetary Stability bonds 39013-18227	154,500
<hr/>		<hr/>
	Total	6,193,611

D. Other Transactions

As of March 31, 2003	(Unit: million won)			
	<u>Claims</u>	<u>Amount</u>	<u>Debt</u>	<u>Amount</u>
Commercial Paper		10,000	Pre-received Money	9,419
Loans in Won		100,000	Call Money	850,000
Credit Card Support Funds		24,986	Import Deposit	3,577
Lease Key Money Deposit		1,817	Agency Business Fees	55,975
Derivative Products Assets		1,133	Derivative Products Debts	3,478
Receivable Earnings		34,924	Pre-received Earnings	49
			Expenses Payable	318
Total		172,860	Total	922,816

KCC

A. Equity Investments

As of March 31, 2003	(Unit: million won)					
	<u>Name</u>	<u>Relation</u>	<u>Type of Investment</u>	<u>Number of Shares</u>	<u>Shareholding Ratio</u>	<u>Acquisition Price</u>
Namkwang Engineering & Construction Co. Ltd.	Conversion into Capital	Investment	559,300	2.25%	2,797	
		Shares				
Kwanglim	Conversion into Capital		12,516	0.21%	77	
Kemongsa	Conversion into Capital		219,296	0.40%	2,500	
Huneed Technologies	Conversion into Capital		3,440	0.01%	7	
Yaelim International	Conversion into Capital		2,121	0.65%	21	
Boohung	Conversion into Capital		175,920	0.49%	254	
CJ39Shopping	Capital Contribution		60,000	0.73%	300	
NICE Information & Telecommunication Inc.	Capital Contribution		10,000	1.00%	80	
Korea Cyber Payment Inc.	Capital Contribution		92,000	6.48%	510	
Seoul TRS Co., Ltd.	Capital Contribution		2,000	0.05%	14	
KOCES	Capital Contribution		280,426	19.47%	1,402	
KB Credit Information Co., Ltd.	Capital Contribution		47,216	3.77%	507	
Pointpark, Ltd.	Capital Contribution		100,000	2.32%	200	
Mondex Korea	Capital Contribution		20,000	0.68%	150	
V Cash	Capital Contribution		83,000	2.77%	415	

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A Cash	Capital Contribution	255,000	12.71%	1,275
Korea Virtual Payment, Inc.	Capital Contribution	80,000	16.33%	400

<u>Name</u>	<u>Relation</u>	<u>Type of Investment</u>	<u>Number of Shares</u>	<u>Shareholding Ratio</u>	<u>Acquisition Price</u>
Yalgae Network	Capital Contribution		100,000	10.00%	500
Solomon Credit Information Co., Ltd	Capital Contribution		10,000	0.81%	50
Harex Info Tech Inc.	Capital Contribution		21,000	4.02%	1,365
MYbi Co., Ltd.	Capital Contribution		80,000	3.37%	1,200

B. Payment Guarantees

As of March 31, 2003

<u>Name</u>	<u>Relation</u>	<u>Creditor</u>	(Unit: million won)	
			<u>Description of guarantee</u>	<u>Guarantee period</u>
				<u>Amount</u>
Kang Kyung Hoon and 705 Others	Kookmin Card Members	Kookmin Bank	Payment guarantees for KB card loans extended to Kookmin Card Members	2,840

C. Collaterals Provided: Not applicable

D. Other Transactions

As of March 31, 2003

<u>Claims</u>	<u>Amount</u>	(Unit: million won)	
		<u>Debts</u>	<u>Amount</u>
Pre-received Money	9,419	CP	10,000
Call Money	850,000	Loans in Won	100,000
Import Deposit	3,577	Credit Card Support Funds	24,986
Agency Business Fee	55,975	Lease Key Money Deposit	1,817
Derivative Products Debts	3,478	Derivative Products Assets	1,133
Pre-received Earnings	49	Earnings Payable	34,924
Expenses Payable	318		
Total	922,816	Total	172,860

7. Exercise of Appraisal Rights

A. Summary

1) KB

As the Merger is conducted in accordance with the small-scale merger procedure as prescribed in Article 527-3 of the Commercial Code, no appraisal right can be exercised. However, if the shareholders of KB holding more than 20/100 of the total number of issued and outstanding shares of KB dissent to the Merger, the small-scale merger

procedure cannot be used for the Merger. In such case, the matters regarding the convening of the shareholders meeting for approval of the Merger will be given by public notice.

2) KCC

Pursuant to Article 522-3 of the Commercial Code, Article 191 of the SEA, and Articles 5(8) and 12(7) of the Act on Structural Improvement of the Financial Industry (ASIFI), a shareholder who opposed the BOD resolution for the merger may request that the company purchase his shares, provided that he notifies the company of his objection in writing prior to the shareholders meeting for approval of the merger. Such request must be made in writing, specifying the type and number of shares requested to be purchased by the Company, within 10 days from the date of the shareholders meeting.

Pursuant to Articles 5(8) and 12(8) of the ASIFI, the company must purchase the shares within two months (the acquisition period) from the date the company receives the request to purchase the shares.

Pursuant to Article 374-2 of the Commercial Code, Article 191 of the SEA, and Article 5(8) of the ASIFI, the purchase price is determined through negotiation between the shareholders and the company concerned. However, if they fail to agree on the purchase price, the purchase price will be calculated pursuant to Article 84-9(2) of the Enforcement Decree of the SEA as follows: the arithmetic average of the weighted average of the daily closing prices for the (i) two-month period, (ii) one-month period and (iii) one-week period ending one day prior to the date of • the board resolution.

If such company or 30% or more of its shareholders exercising appraisal rights do not accept the purchase price calculated by the foregoing formula, the Financial Supervisory Commission may adjust the purchase price. In such case, the application for adjustment of the purchase price must be made ten days prior to the expiration of the purchase period.

B. Shareholders Eligible to Exercise Appraisal Rights

Pursuant to Articles 5(8) and 12(7) of the ASIFI and Article 191(1) of the SEA, appraisal rights in connection with the Merger are granted to shareholders who (i) are listed on the shareholders registry as of August 26, 2003, (ii) submit a notice to dissent to the Merger in writing prior to the shareholders meeting, (iii) submit a written request to purchase their shares within 10 days from the date of the shareholders meeting, and (iv) hold the shares from the close of the shareholders registry to the exercise date of the appraisal rights. However, once a shareholder disposes of the shares, it may not exercise the appraisal right for the shares even though it reacquires such shares.

C. Estimated Share Purchase Price

- 1) The share purchase price proposed by the Company for negotiation: 13,680 Won per share.
- 2) Basis for the calculation: The purchase price was calculated pursuant to Article 84-9(2) of the Enforcement Decree of the SEA as follows: the arithmetic average of the weighted average daily closing prices for the (A) two-month period, (B) one-month period and (C) one-week period ending one day prior to the date of resolution of the board of directors.

KCC's Common Stock

(A): 13,657 Won

(B): 13,513 Won

(C): 13,872 Won

Base purchase price (i.e., arithmetic average of (A), (B) and (C)): 13,680 Won

- 3) Price adjustment if the purchase price is not agreed upon: Pursuant to Article 191(3) of the SEA, if the parties to the merger or 30% or more of their respective shareholders which exercised the appraisal rights do not accept the foregoing base purchase prices, then the Financial Supervisory Commission can readjust the purchase price.

Adjustment of Purchase Price (Article 95 of the Regulations on the Issuance of Securities and Public Disclosure)

1. In the event that the Financial Supervisory Commission adjusts the purchase price in accordance with Article 191(3) of the SEA, the price will be determined as

follows:

- a. If the stock price index as of the last day of the exercise period is higher than the stock price index as of the date of the board resolution:

The higher of (i) the purchase price calculated pursuant to Article 84-9(2)(i) of the Enforcement Decree of the SEA (the base purchase price) and (ii) the stock price as of the last date of the exercise period (the market price), if the standard adjusted price calculated as follows is higher than the market price:

* Standard adjusted price = base purchase price x [(stock price index as of the last day of the exercise period) / (stock price index on the date of the board resolution)]

The standard adjusted price, if the standard adjusted price is lower than the market price.

- b. If the stock price index as of the last day of the exercise period is lower than the stock price index as of the date of the board resolution:

The standard adjusted price, if the standard adjusted price is higher than the market price.

The lower of (i) the base purchase price and (ii) the market price, if the standard adjusted price is lower than the market price.

2. In connection with the application of subparagraph 1 above, the stock price index as of the date of the board resolution or on the last day of the exercise period refers to the arithmetic average of the stock price index for the industry of the company concerned (the industry stock price index for 22 industries calculated and published by the KSE or KOSDAQ based on the market capitalization) for the seven consecutive trading days ending on the date of the board resolution with respect to the merger or business transfer or on the last day of the exercise period pursuant to the second part of Article 191(1) of the SEA, respectively. The market price refers to the average closing prices of the relevant company's stock for the same period weighted by spot trading volume. In case there are less than 10 companies in the industry as of the last day of the exercise period or the market capitalization

of the company concerned is 10% or more of that of the entire industry, the Korea Composite Stock Price Index will be used.

3. The application for adjustment of the purchase price in accordance with subparagraph 1 above must be made ten days prior to the expiration of the acquisition period pursuant to Article 191(2) of the SEA.

D. Exercise Procedure, Method, Period and Address

1) Procedure and Method

A shareholder of KCC who opposes the Merger must notify KCC of his objection in writing prior to the shareholders' meeting for the approval of the Merger. Shareholders who have deposited their shares with securities companies may oppose the Merger through such securities companies by notifying their objection to the securities companies at least three business days prior to the shareholders' meeting. Securities companies have to notify the Korea Securities Depository of such shareholders' objection at least two business days prior to the shareholders' meeting. The Korea Securities Depository will notify the KCC of such shareholders' objection on or prior to the date of the shareholders' meeting.

2) Period

Only the shareholders who have notified the KCC of their objection to the Merger in writing may request that the company purchase their shares. In case of the Merger, notwithstanding Article 522-3 of the Commercial Code and Article 191 of the SEA, the exercise period is ten days, instead of twenty days, pursuant to Articles 5(8) and 12(7) of the ASIFI. Accordingly, the request to purchase the shares has to be made within ten days from the shareholders' meeting for approval of the Merger. Shareholders who have deposited their shares with securities companies must request the purchase of their shares through such securities companies at least two business days prior to the last day of the exercise period, and the Korea Securities Depository will notify KCC on behalf of such shareholders.

Exercise Period: September 18, 2003 to September 27, 2003

3) Address for Notification

Kookmin Bank, Securities Agency Team, 15-22, Yoido-dong, Youngdeungpo-Ku, Seoul

E. Others

1) Source of Purchase Price: internal funds

2) Payment Date of Purchase Price: November 20, 2003

3) Payment Method

Registered shareholders: Cash payment or wire transfer to their respective accounts at banks

Beneficial shareholders: wire transfer to their respective accounts at securities companies

4) Please note that the purchase price and other information relating to the exercise of appraisal rights are subject to change in the course of consultation with the shareholders, if necessary.

5) Calculating method of purchase price for KCC Shares

<u>Date</u>	<u>Closing Price (Won)</u>	<u>Trading Volume (Shares)</u>	<u>Closing Price * Trading Volume</u>
2003.03.31	11,500	1,434,339	16,494,898,500
2003.04.01	11,700	1,971,861	22,438,973,700
2003.04.02	10,600	3,327,032	35,266,539,200
2003.04.03	10,400	2,695,564	28,033,865,600
2003.04.04	11,600	3,345,272	38,805,155,200
2003.04.07	12,950	4,611,327	59,716,684,650
2003.04.08	13,150	3,428,083	45,079,291,450
2003.04.09	14,000	7,310,263	102,343,682,000
2003.04.10	14,200	4,188,141	59,471,602,200
2003.04.11	15,450	9,006,381	139,148,586,450
2003.04.14	14,900	3,098,983	46,174,846,700
2003.04.15	14,300	3,390,319	48,481,561,700
2003.04.16	15,000	3,963,369	59,450,535,000
2003.04.17	14,200	1,997,027	28,357,783,400
2003.04.18	15,150	4,916,610	74,486,641,500
2003.04.21	15,950	3,455,676	55,118,032,200
2003.04.22	14,850	1,806,868	26,831,989,800
2003.04.23	13,550	2,620,524	35,508,100,200
2003.04.24	13,400	2,184,073	29,266,578,200
2003.04.25	12,050	1,863,637	22,456,825,850
2003.04.28	12,100	1,383,223	16,736,998,300
2003.04.29	13,550	1,727,723	23,410,646,650

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2003.04.30	13,550	2,103,363	28,500,568,650
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<u>Date</u>	<u>Closing Price (Won)</u>	<u>Trading Volume (Shares)</u>	<u>Closing Price * Trading Volume</u>
2003.05.02	13,850	3,191,444	44,201,499,400
2003.05.06	13,400	2,934,977	39,328,691,800
2003.05.07	13,600	2,271,684	30,894,902,400
2003.05.09	13,700	1,155,257	15,827,020,900
2003.05.12	14,150	5,401,060	76,424,999,000
2003.05.13	13,200	1,943,814	25,658,344,800
2003.05.14	13,300	1,127,222	14,992,052,600
2003.05.15	12,850	1,529,030	19,648,035,500
2003.05.16	12,250	1,389,606	17,022,673,500
2003.05.19	12,050	972,718	11,721,251,900
2003.05.20	11,900	906,683	10,789,527,700
2003.05.21	12,950	3,329,602	43,118,345,900
2003.05.22	12,250	2,082,057	25,505,198,250
2003.05.23	12,150	1,168,667	14,199,304,050
2003.05.26	12,350	2,078,816	25,673,377,600
2003.05.27	12,550	2,162,288	27,136,714,400
2003.05.28	14,050	5,845,923	82,135,218,150
2003.05.29	14,850	7,347,119	109,104,717,150
	2-month weighted average stock price		13,657 Won
	1-month weighted average stock price		13,513 Won
	1-week weighted average stock price		13,872 Won
	Base purchase price		13,680 Won

8. Other Information Necessary for Protection of Investors

A. Listing or Trading of New Shares

The scheduled delivery date is October 14, 2003 and the scheduled listing date is October 15, 2003.

B. Largest Shareholders and Major Shareholders (including certain related persons) of KB Before and After the Merger, and the Change of Shareholdings

(Unit: Share, %)

<u>Name of Shareholder</u>	<u>Type</u>	<u>Before Merger</u>		<u>After Merger</u>	
		<u>Number of Shares</u>	<u>Shareholding Ratio</u>	<u>Number of Shares</u>	<u>Shareholding Ratio</u>
Government of Republic of Korea	Common Share	30,623,761	9.33	30,623,761	9.10
Goldman Sachs	Common Share	16,831,607	5.13	16,831,607	5.00
ING	Common Share	12,716,691	3.87	12,716,691	3.78
Bank of N.Y.	Common Share	37,728,214	11.49	37,728,214	11.22

Note:

1) Bank of N.Y. is the depository institution of the ADRs

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- 2) The number of shares and shareholding ratio before the Merger is calculated as of December 31, 2002.

- 3) The number of shares and shareholding ratio after the Merger is calculated based on the number of shares held by the above shareholders as of December 31, 2002 and the increase of the total number of shares after the Merger in the amount of 8,120,431 shares.

C. Other Information Necessary for Investment Decisions

- 1) The number in the above table regarding the change of shareholding levels for major shareholders (including certain related persons) of KB before and after the Merger was calculated in accordance with the merger ratio based on the shareholdings as of December 31, 2002; thus may be different from the current shareholdings.
- 2) The Merger is being contemplated pursuant to Article 4 of the ASIFI. Accordingly, the Merger must be approved by the Financial Supervisory Commission. The content of the approval will be announced publicly later.
- 3) The number of shares and the paid-in-capital of KB after the Merger may change in the event that any of the following events occurs prior to the date of the Merger.

New shares are issued pursuant to the exercise of the stock options granted to directors, officers or employees of KB or KCC before the Merger;

Treasury shares acquired by KB or KCC are cancelled with the retained earnings or capital reduction procedures; or

KCC acquires treasury shares as a result of the exercise of appraisal rights by its shareholders who oppose the Merger.