

KOOKMIN BANK
Form 6-K
November 14, 2007
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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 2007

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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- 1. Summary of 2007 Third Quarter Business Report**
- 2. Exhibit 99.1-Kookmin Bank Review Report for the Third Quarter of 2007**

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Summary of 2007 Third Quarter Business Report

On November 14, 2007, Kookmin Bank filed its business report for the third quarter of 2007 (the Business Report) with the Financial Supervisory Commission of Korea and the Korea Exchange. This is a summary of the Business Report translated into English.

In effect from January 1, 2007, we have adopted SKAS¹ No. 21 (Preparation and Presentation of Financial Statements I) and SKAS No. 24 (Preparation and Presentation of Financial Statements II (Financial Industry)), pursuant to which the presentation and order of certain line items, including gain/loss on disposal of available-for-sale securities, have been reclassified from non-operating income to operating income. We have revised our financial statements for prior periods to reflect this change.

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.

¹ SKAS: Statement of Korean Accounting Standards

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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:

The banking business as prescribed by the Banking Act,

The trust business as prescribed by the Trust Business Act,

The credit card business as prescribed by the Specialized Credit Financial Business Act, and

Other businesses permitted by other relevant Korean laws and regulations

1.2. History

November 1, 2001

Incorporated and listed on the New York Stock Exchange

November 9, 2001

Listed on the Korea Stock Exchange

September 23, 2002

Integrated IT platforms of former Kookmin Bank and H&CB

December 4, 2002

Entered into a strategic alliance agreement with ING Bank N.V. Amsterdam

September 30, 2003

Completed the merger with Kookmin Credit Card

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 Kookmin Bank for a strategic investment in KB Life Insurance Co., Ltd.

October 29, 2004

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

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December 31, 2004

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

January 01, 2005

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

March 02, 2005

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

March 21, 2005

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

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

July 26, 2005

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

October 14, 2005

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

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

April 3, 2006

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

September 8, 2006

Implemented SOD (Segregation of Duties)

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December 11, 2006

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

April 27, 2007

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

October 31, 2007

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

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

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

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

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

With respect to the merger between Kookmin Bank and Kookmin Credit Card on September 30, 2003, Kookmin Bank issued an additional 8,120,431 common shares on October 1, 2003. Accordingly, as of September 30, 2007, a total of 336,379,116 common shares were issued.

Number of Shares (Unit: shares)

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

Capital Increase (Unit: Won, shares)

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

1.3.2. Treasury Stock

(Unit: shares)

| Date | Details | Number of shares |
|---------------------------|--|------------------|
| December 31, 2005 | Outstanding Treasury Shares | 217,935 |
| January 13, 2006 | Disposition due to exercise of stock option by grantees | (217,935) |
| September 30, 2007 | Outstanding Treasury Shares | 0 |

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

(Unit: shares)

| Type | Beginning Balance (January 1, 2007) | Increase | Decrease | Ending Balance (September 30, 2007) | Remarks |
|-------------------------|---|----------|---------------|---|---------|
| Registered common stock | 2,790,281 | | 52,270 | 2,738,011 | |
| Total | 2,790,281 | | 52,270 | 2,738,011 | |

1.4. Dividend

The following table shows our dividend related information for the last three years. The Board of Directors of Kookmin Bank passed a resolution to pay a dividend for fiscal year of 2006, and shareholders of Kookmin Bank approved of the dividend payout for that year at the general meeting of shareholders held on March 23, 2007.

(Unit: in millions of Won unless indicated otherwise)

| | September 30, 2007 | 2006 | 2005 |
|---|--------------------|--------------------|-----------|
| Net (loss) income for the period | | 2,472,111 | 2,252,218 |
| Diluted (loss) earnings per share (Won) | | 7,349 ₁ | 6,977 |
| Total dividend amount | | 1,227,784 | 184,889 |
| Dividend payout ratio (%) | | 49.67 ₂ | 8.21 |
| Cash dividend per common share (Won) | | 3,650 | 550 |
| Stock dividend per common share (%) | | | |
| Dividend per preferred share (Won) | | | |
| Dividend yield ratio (%) | | 4.90 ₃ | 0.72 |

¹ Earnings per share = net income (2,472,111 million Won) / weighted average number of shares (336,373,095 shares).

² Dividend payout ratio = total dividend amount for common shares (1,227,784 million Won) / net income (2,472,111 million Won).

³ Dividend yield ratio = dividend per share (3,650 Won) / average closing price for a week based on business day prior to market closing date of December 31, 2006 (74,525 Won).

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

(Unit: in millions of Won)

| | | September 30, 2007 | | December 31, 2006 | | December 31, 2005 | |
|-------------------------|----------------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | | Average balance | Interest rate (%) | Average balance | Interest rate (%) | Average balance | Interest rate (%) |
| Won currency | Deposits | 109,973,397 | 3.17 | 111,324,234 | 2.91 | 114,394,983 | 2.82 |
| | Certificate of deposit | 13,631,284 | 5.06 | 8,408,753 | 4.53 | 5,008,378 | 3.69 |
| | Borrowings | 2,465,427 | 3.58 | 2,533,547 | 3.36 | 2,674,268 | 3.02 |
| | Call money | 1,253,962 | 4.69 | 2,300,768 | 4.09 | 931,968 | 3.24 |
| | Other | 35,543,819 | 5.42 | 28,332,243 | 5.13 | 24,315,388 | 5.08 |
| Subtotal | | 162,867,889 | 3.83 | 152,899,545 | 3.43 | 147,324,985 | 3.23 |
| Foreign currency | Deposits | 1,709,399 | 2.80 | 1,489,895 | 2.37 | 1,473,811 | 1.61 |
| | Borrowings | 4,190,787 | 3.77 | 3,635,918 | 3.41 | 3,231,480 | 2.06 |
| | Call money | 482,459 | 5.19 | 527,600 | 4.74 | 285,573 | 3.48 |
| | Debentures | 2,753,528 | 5.25 | 1,530,941 | 4.49 | 765,723 | 4.09 |
| | Other | 89,765 | | 59,296 | | 52,592 | |
| Subtotal | | 9,225,938 | 4.07 | 7,243,650 | 3.50 | 5,809,179 | 2.26 |
| Other | Total Shareholders Equity | 15,676,201 | | 14,251,498 | | 11,369,246 | |
| | Allowances | 942,307 | | 1,004,895 | | 677,036 | |
| | Other | 10,889,516 | | 11,935,765 | | 12,041,392 | |
| Subtotal | | 27,508,024 | | 27,192,158 | | 24,087,674 | |
| Total | | 199,601,851 | 3.32 | 187,335,353 | 2.94 | 177,221,838 | 2.76 |

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

(Unit: in millions of Won)

| | | September 30, 2007 | | December 31, 2006 | | December 31, 2005 | |
|-------------------------|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | | Average balance | Interest rate (%) | Average balance | Interest rate (%) | Average balance | Interest rate (%) |
| Won currency | Due from banks | 30,113 | 1.15 | 190,902 | 3.66 | 304,662 | 2.97 |
| | Securities | 29,620,982 | 4.53 | 31,437,266 | 4.25 | 27,676,964 | 4.58 |
| | Loans | 131,352,934 | 6.55 | 120,688,857 | 6.44 | 120,539,476 | 6.24 |
| | Advances for customers | 28,275 | 1.31 | 13,122 | 2.27 | 23,947 | 8.64 |
| | Call loan | 670,285 | 4.74 | 823,293 | 4.25 | 1,473,725 | 3.43 |
| | Private placement corporate bonds | 7,802,705 | 5.38 | 5,702,726 | 5.43 | 1,887,514 | 6.95 |
| | Credit card accounts | 9,020,566 | 22.36 | 7,855,415 | 24.46 | 7,321,906 | 26.93 |
| | Other | 372,593 | | 328,681 | | 267,061 | |
| | Allowance for credit losses (-) | -2,329,399 | | -2,377,086 | | -3,034,841 | |
| | Subtotal | 176,569,054 | 7.08 | 164,663,176 | 6.96 | 156,460,414 | 7.06 |
| Foreign currency | Due from banks | 360,246 | 4.11 | 486,764 | 4.31 | 598,015 | 2.88 |
| | Securities | 938,396 | 4.47 | 793,181 | 6.78 | 858,565 | 6.15 |
| | Loans | 7,652,813 | 4.45 | 6,561,903 | 4.06 | 4,745,013 | 2.97 |
| | Call loan | 470,195 | 4.87 | 261,483 | 4.77 | 132,210 | 3.24 |
| | Bills bought | 1,386,227 | 5.95 | 1,326,578 | 5.51 | 1,037,144 | 4.64 |
| | Other | 1,965 | | 1,798 | | 2,209 | |
| | Allowance for credit losses (-) | -84,148 | | -65,952 | | -64,290 | |
| Subtotal | 10,725,694 | 4.73 | 9,365,755 | 4.61 | 7,308,866 | 3.68 | |
| Other | Cash | 1,061,924 | | 966,002 | | 956,471 | |
| | Fixed assets held for business | 2,520,327 | | 2,397,111 | | 2,508,879 | |
| | Other | 8,724,852 | | 9,943,309 | | 9,987,208 | |
| Subtotal | 12,307,103 | | 13,306,422 | | 13,452,558 | | |
| Total | 199,601,851 | 6.52 | 187,335,353 | 6.35 | 177,221,838 | 6.38 | |

Table of Contents**2.1.3. Fee Transactions**

(Unit: in millions of Won)

| | | September 30, 2007 | September 30, 2006 | December 31, 2006 |
|-----------------------------------|-----------------------------------|--------------------|--------------------|-------------------|
| Fee Revenue (A) | | | | |
| Won currency | Guarantees | 5,255 | 4,382 | 6,245 |
| | Commissions received | 815,784 | 688,929 | 950,789 |
| | Credit card | 110,604 | 94,564 | 129,615 |
| | National Housing Fund Mgt. | 119,642 | 123,756 | 171,811 |
| Foreign currency | Guarantees | 5,602 | 4,093 | 5,662 |
| | Others | 58,538 | 59,384 | 77,673 |
| Subtotal | | 1,115,425 | 975,108 | 1,341,795 |
| Fee Expense (B) | | | | |
| Won & foreign currency | Commissions paid in Won | 144,310 | 120,826 | 178,499 |
| | Credit card | 250,165 | 176,163 | 254,041 |
| | Others | 28,420 | 21,823 | 31,860 |
| Subtotal | | 422,895 | 318,812 | 464,400 |
| Fee Income (A-B) | | 692,530 | 656,296 | 877,395 |

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, 2007 | | December 31, 2006 | | December 31, 2005 | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Average balance | Ending balance | Average balance | Ending balance | Average balance | Ending balance |
| Deposits in Won | | | | | | |
| Demand deposits | 17,973,008 | 19,044,177 | 16,896,730 | 20,179,569 | 14,985,812 | 17,946,067 |
| Time & savings deposits | 89,316,580 | 88,435,340 | 89,613,715 | 91,155,183 | 92,463,027 | 91,863,790 |
| Mutual installment deposits | 3,566,697 | 3,329,720 | 4,302,015 | 3,833,573 | 5,674,807 | 5,120,668 |
| Mutual installment for housing | 3,542,815 | 3,195,318 | 4,221,249 | 3,842,727 | 4,942,334 | 4,582,031 |
| Certificate of deposit | 13,631,284 | 17,538,589 | 8,408,753 | 9,579,701 | 5,008,378 | 5,389,543 |
| Subtotal | 128,030,384 | 131,543,144 | 123,442,462 | 128,590,753 | 123,074,358 | 124,902,099 |
| Deposits in foreign currency | 1,709,399 | 1,920,045 | 1,489,895 | 1,427,557 | 1,473,811 | 1,379,133 |
| Trust deposits | | | | | | |
| Money trust | 9,115,990 | 8,410,299 | 9,047,669 | 9,627,037 | 7,114,352 | 7,405,675 |
| Property trust | 5,577,247 | 5,723,628 | 8,491,099 | 6,631,376 | 11,032,320 | 9,854,012 |
| Subtotal | 14,693,237 | 14,133,927 | 17,538,768 | 16,258,413 | 18,146,672 | 17,259,687 |
| Total | 144,433,020 | 147,597,116 | 142,471,125 | 146,276,723 | 142,694,841 | 143,540,919 |

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, 2007 | December 31, 2006 | December 31, 2005 |
|------------------------|--------------------|-------------------|-------------------|
| Deposits | 130,235 | 124,123 | 123,532 |
| Deposits in Won | 128,833 | 122,904 | 122,358 |

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, 2007 | December 31, 2006 | December 31, 2005 |
|------------------------|--------------------|-------------------|-------------------|
| Deposits | 8,237 | 7,799 | 7,725 |
| Deposits in Won | 8,149 | 7,722 | 7,652 |

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, 2007 | | December 31, 2006 | | December 31, 2005 | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Average balance | Ending balance | Average balance | Ending balance | Average balance | Ending balance |
| Loans in Won | 131,343,091 | 139,561,638 | 120,680,825 | 125,574,817 | 120,532,216 | 118,565,341 |
| Loans in foreign currency | 7,652,813 | 7,478,641 | 6,561,903 | 7,261,811 | 4,745,013 | 5,314,883 |
| Advances for customers | 28,275 | 29,412 | 13,122 | 19,209 | 23,947 | 11,321 |
| Subtotal | 139,024,179 | 147,069,691 | 127,255,850 | 132,855,837 | 125,301,176 | 123,891,545 |
| Trust account loans | 401,449 | 417,794 | 351,880 | 403,552 | 334,404 | 328,127 |
| Total | 139,425,628 | 147,487,485 | 127,607,730 | 133,259,389 | 125,635,580 | 124,219,672 |

2.2.5. Loan Balances as of September 30, 2007 by Maturity

(Unit: in millions of Won)

| | 1 year or less | More than 1 year to 3 years | More than 3 years to 5 years | More than 5 years | Total |
|----------------------------------|---------------------|-----------------------------|------------------------------|-------------------|-------------------|
| | Loans in Won | 62,716,952 | 28,658,721 | 5,477,669 | 42,708,296 |
| Loans in foreign currency | 4,398,155 | 1,746,688 | 859,019 | 474,779 | 7,478,641 |

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

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

(Unit: in millions of Won)

| | | September 30, 2007 | December 31, 2006 | December 31, 2005 |
|-------------------------------------|----------------------|--------------------|--------------------|--------------------|
| Loans to enterprise | Loans for operations | 41,279,587 | 33,054,421 | 30,498,328 |
| | Loans for facility | 10,516,722 | 6,103,249 | 5,073,050 |
| Loans to households | | 46,836,174 | 46,509,920 | 42,771,264 |
| Loans to public sector & others | Loans for operations | 1,115,574 | 894,178 | 643,141 |
| | Loans for facility | 14,287 | 3,687 | 34,157 |
| Loans on property formation savings | | 752 | 1,013 | 6,748 |
| Loans for housing | | 39,797,747 | 39,007,176 | 39,535,441 |
| Inter-bank loans | | | | 1,274 |
| Others | | 795 | 1,173 | 1,938 |
| Total | | 139,561,638 | 125,574,817 | 118,565,341 |

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, 2007 | December 31, 2006 | December 31, 2005 |
|------------------------------------|--------------------|-------------------|-------------------|
| Loans (A) | 131,343,091 | 120,680,825 | 120,532,216 |
| Deposits (B) | 128,030,383 | 123,442,462 | 123,074,358 |
| Loan to deposit ratio (A/B) | 102.59 | 97.76 | 97.93 |

2.2.8. Guarantees

(Unit: in millions of Won)

| | September 30, 2007 | December 31, 2006 | December 31, 2005 |
|--------------|--------------------|-------------------|-------------------|
| Determined | 4,748,842 | 2,704,307 | 1,789,560 |
| Contingent | 3,129,913 | 2,304,434 | 1,972,192 |
| Total | 7,878,755 | 5,008,741 | 3,761,752 |

¹ Average balance of loans in Won / average balance of (deposits in Won + 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, 2007 | | December 31, 2006 | | December 31, 2005 | |
|--|------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| | | Average balance | Ending balance | Average balance | Ending balance | Average balance | Ending balance |
| Securities in Won (Bank account) | Monetary stabilization bonds | 7,849,757 | 7,726,994 | 11,803,683 | 8,534,765 | 10,667,229 | 11,570,306 |
| | Government and public bonds | 11,130,221 | 11,434,070 | 10,035,180 | 10,117,416 | 6,950,886 | 8,933,401 |
| | Debentures | 16,280,884 | 16,784,000 | 11,847,016 | 14,140,083 | 7,334,555 | 9,184,403 |
| | Stocks | 1,825,731 | 1,707,561 | 1,575,806 | 2,515,385 | 1,243,781 | 1,707,816 |
| | Others | 337,094 | 436,927 | 1,878,308 | 744,895 | 3,368,027 | 2,105,353 |
| Subtotal | | 37,423,687 | 38,089,552 | 37,139,993 | 36,052,544 | 29,564,478 | 33,501,279 |
| Securities in Won (Trust account) | Monetary stabilization bonds | 1,287,874 | 1,083,930 | 1,247,444 | 1,524,511 | 999,522 | 981,949 |
| | Government and public bonds | 1,286,904 | 1,175,821 | 1,090,228 | 1,216,613 | 993,450 | 1,013,355 |
| | Debentures | 1,772,670 | 1,620,410 | 1,937,309 | 1,815,093 | 1,979,588 | 2,017,298 |
| | Stocks | 595,933 | 502,350 | 756,900 | 769,212 | 514,568 | 542,731 |
| | Others | 2,640,168 | 2,416,044 | 3,837,714 | 2,873,202 | 2,745,143 | 3,311,235 |
| Subtotal | | 7,583,549 | 6,798,555 | 8,869,595 | 8,198,631 | 7,232,271 | 7,866,568 |
| Securities in foreign currency (Trust account) | | 25,424 | 12,450 | 110,472 | 32,661 | 289,665 | 184,115 |
| Securities in foreign currency (Bank account) | Foreign securities | 667,556 | 788,288 | 559,343 | 613,078 | 579,561 | 525,892 |
| | Off-shore foreign securities | 269,439 | 286,140 | 233,838 | 216,066 | 279,003 | 252,994 |
| Subtotal | | 936,995 | 1,074,428 | 793,181 | 829,144 | 858,565 | 778,886 |
| Total | | 45,969,655 | 45,974,985 | 46,913,241 | 45,112,980 | 37,944,979 | 42,330,848 |

2.2.10. Trust Account

(Unit: in millions of Won)

| | | September 30, 2007 | | December 31, 2006 | | December 31, 2005 | |
|-------------------------|--|---------------------------|---------------|---------------------------|---------------|---------------------------|---------------|
| | | Average amount trusted | Trust fees | Average amount trusted | Trust fees | Average amount trusted | Trust fees |
| Return-guaranteed trust | | 301 | 10,803 | 325 | 11,295 | 335 | 43,088 |
| Performance trust | | 14,692,936 | 42,361 | 17,538,443 | 67,209 | 18,146,337 | 77,756 |

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| | | | | | | |
|--------------|-------------------|---------------|-------------------|---------------|-------------------|----------------|
| Total | 14,693,237 | 53,164 | 17,538,768 | 78,504 | 18,146,672 | 120,844 |
|--------------|-------------------|---------------|-------------------|---------------|-------------------|----------------|

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, 2007 | December 31, 2006 | December 31, 2005 |
| Number of card holders | Corporate | 171,500 | 173,190 | 159,047 |
| | Individual | 8,498,358 | 8,883,738 | 9,342,552 |
| Number of merchants | | 1,714,204 | 1,610,446 | 1,506,979 |
| Sales volume¹ | | 49,877,104 | 63,929,192 | 62,475,085 |
| Fee revenue | | 1,621,652 | 2,189,014 | 2,090,253 |

2.3. Branch Networks

As of September 30, 2007, we had 1,088 branches (including the head office) and 85 sub-branches in Korea. 447 of our branches are located in Seoul.

Also as of November 13, 2007, we had four overseas branches in Tokyo, New York, Auckland and Guangzhou, and two overseas offices in Almaty, Kazakhstan and Ho Chi Minh City, Vietnam.

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

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

(Unit: in millions of Won, %)

| | September 30, 2007 ¹ | December 31, 2006 | December 31, 2005 |
|---------------------------|---------------------------------|-------------------|-------------------|
| Risk-adjusted capital (A) | 19,811,470 | 18,751,151 | 15,682,535 |
| Risk-weighted assets (B) | 147,599,074 | 132,373,478 | 121,072,676 |
| BIS ratios (A/B) | 13.42 | 14.17 | 12.95 |

2.4.2. Non-Performing Loans

(Unit: in millions of Won unless indicated otherwise)

| September 30, 2007 | | December 31, 2006 | | Change | |
|--------------------|--------------------|-------------------|--------------------|----------|--------------------|
| Amount | NPL to total loans | Amount | NPL to total loans | Amount | NPL to total loans |
| 1,092,591 | 0.64% | 1,295,915 | 0.85% | -203,324 | -0.21%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, 2007 | December 31, 2006 | December 31, 2005 |
|------------------------------|--------------------|-------------------|-------------------|
| Loan losses allowance | Domestic | 2,358,815 | 2,458,307 |
| | Foreign | 46,276 | 4,772 |
| | Total | 2,405,091 | 2,463,079 |
| Write-Off | 659,474 | 1,693,468 | 1,978,875 |

¹ The figures for the third quarter of 2007 are preliminary estimates and are subject to change.

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

(Unit: in millions of Won)

| | September 30, 2007 | December 31, 2006 | December 31, 2005 |
|----------------------------------|--------------------|--------------------|--------------------|
| Beginning balance | 2,360,867 | 2,453,275 | 3,118,775 |
| Net Write-Off | (352,532) | (1,034,059) | (1,726,632) |
| Write-Off | (659,474) | (1,680,331) | (2,002,336) |
| Recovery | 373,358 | 474,278 | 452,235 |
| Other | (66,416) | 171,994 | (176,531) |
| Provision for loan losses | 276,033 | 941,651 | 1,061,132 |
| Ending balance | 2,284,368 | 2,360,867 | 2,453,275 |

¹ Loan loss allowance includes present value discounts and excludes allowance for other assets.

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

(Unit: in millions of Won)

| | As of or for the year ended | |
|--|-----------------------------|--------------------|
| | September 30, 2007 | December 31, 2006 |
| Cash and due from banks | 6,755,638 | 6,568,306 |
| Securities | 31,648,717 | 29,382,480 |
| Loans | 164,056,306 | 149,867,182 |
| Tangible assets | 2,231,108 | 2,137,732 |
| Other assets | 8,351,632 | 7,250,781 |
| Total assets | 213,043,401 | 195,206,481 |
| Deposits | 133,463,188 | 130,019,916 |
| Borrowings | 48,701,555 | 39,042,684 |
| Other liabilities | 15,313,489 | 11,088,924 |
| Total liabilities | 197,478,232 | 180,151,524 |
| Capital stocks | 1,681,896 | 1,681,896 |
| Capital surplus | 6,258,297 | 6,258,297 |
| Capital Adjustment | 0 | 0 |
| Accumulated other comprehensive income | 451,329 | 899,542 |
| Retained earnings | 7,173,647 | 6,215,222 |
| Total shareholders equity | 15,565,169 | 15,054,957 |
| Liabilities and Shareholders Equity | 213,043,401 | 195,206,481 |
| Operating revenue | 15,368,794 | 19,618,874 |
| Operating income | 3,457,286 | 3,204,982 |
| Continuing (loss) income before income taxes | 3,237,847 | 3,424,086 |
| Net (loss) income | 2,193,779 | 2,472,111 |

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 will also be available at our website www.kbstar.com.

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

Deloitte Anjin LLC has reviewed our financial statements for the third quarter 2007. The aggregate contract fee for the audit and review fees for the year 2007 is 1,420 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 2007 | - Issuance of comfort letter | 70 |
| | - Agreement for Issuance of comfort letter with respect to RMBS ¹ | 50 |
| 2006 | - Issuance of comfort letter | 40 |
| | - Confirmation of BIS ratio and confirmation affirming that Kookmin Bank is not a Non-Financial Operator | 10 |
| 2005 | - Issuance of comfort letter | 30 |

¹ The execution of the letter has been deferred as the RMBS issuance has been delayed.

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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:

Matters relating to general meeting of shareholders

Matters relating to general management

Matters relating to organization and directors of the company

Matters relating to funding and capital

Other related matters

The following committees currently serve under our board of directors:

The Board Steering Committee

The Management Strategy Committee

The Risk Management Committee

The Evaluation & Compensation Committee

The Audit Committee

The Non-Executive Director Nominating Committee

For the list of our directors, see 6. Directors, Senior Management and Employees, 6.1. Executive Directors and 6.2. Non-Executive Directors.

5.2. Audit Committee

The audit committee oversees our financial reporting and approves the appointment of and interaction among our independent auditors, compliance officers, management personnel and other committee advisors. The committee also reviews our financial information, auditor s examinations, key financial statement issues and the administration of our financial affairs by the board of directors. The committee also

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examines the agenda for, and financial statements and other reports to be submitted by, the board of directors to each general meeting of shareholders. The committee holds regular meetings every quarter and on an as-needed basis.

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

The following table shows information regarding the remuneration paid to the Directors in the third quarter of 2007.

(Unit: in millions of Won)

| | The aggregate remuneration paid (From January to September 2007) | Limit for the remuneration resolved by shareholders meeting (For the year 2007) | Average amount of the payment per person (From January to September 2007) |
|--|--|---|---|
| 1) Executive Directors (Except Chief Audit Executive and Non-executive Directors) | 3,155 | | 1,052 |
| 2) Non-executive Directors (Except members of Audit Committee) | 238 | 8,000 | 55¹ |
| 3) Members of Audit Committee (Including Chief Audit Executive) | 866 | | 173 |
| Total | 4,259 | 8,000 | 335¹ |

¹ Reflects the change in March in the number of non-executive directors.

Table of Contents**5.3.2. Stock Option**

The following table is the breakdown of stock options Kookmin Bank has granted to the directors and employees as of September 30, 2007.

(Unit: in Won, shares)

| Grant date | Name of the grantee | Position when granted | Exercise period | | Exercise price | Number of granted options ¹ | Number of exercised options | Number of exercisable options |
|------------|---------------------|--------------------------|-----------------|-----------|----------------|--|-----------------------------|-------------------------------|
| | | | From | To | | | | |
| 15-Mar-01 | Young Seok Kim | Non Executive Director | 16-Mar-04 | 15-Mar-09 | 28,027 | 1,870 | 0 | 1,870 |
| 15-Mar-01 | In Kie Kim | Non Executive Director | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Ji Hong Kim | Non Executive Director | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Se Woong Lee | Non Executive Director | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Jong Min Lee | Chief Audit Executive | 16-Mar-04 | 15-Mar-09 | 28,027 | 14,807 | 2,807 | 12,000 |
| 15-Mar-01 | Seung Heon Han | Non Executive Director | 16-Mar-04 | 15-Mar-09 | 28,027 | 1,870 | 0 | 1,870 |
| 15-Mar-01 | Duk Hyun Kim | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 4,845 | 7,000 |
| 15-Mar-01 | Byung Sang Kim | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 11,845 | 0 |
| 15-Mar-01 | Byung Jin Kim | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 11,845 | 0 |
| 15-Mar-01 | Bock Woan Kim | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 0 | 11,845 |
| 15-Mar-01 | Yoo Hwan Kim | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 0 | 11,845 |
| 15-Mar-01 | Ok Hyun Yoon | Executive Vice President | 16-Mar-04 | 15-Mar-09 | 28,027 | 11,845 | 7,845 | 4,000 |
| 15-Mar-01 | Hoo Sang Jang | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 961 | 2,000 |
| 15-Mar-01 | Sang Hoon Lee | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 2,461 | 500 |
| 15-Mar-01 | Jae In Suh | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Sung Hyun Chung | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 2961 | 0 |
| 15-Mar-01 | Jong Hwa Lee | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 2,461 | 500 |
| 15-Mar-01 | Sang Won Lee | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 2,961 | 0 | 2,961 |
| 15-Mar-01 | Joon Ho Park | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 0 | 592 |
| 15-Mar-01 | Sung Wan Choi | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 370 | 370 | 0 |
| 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 | 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 | Sung Shin Cho | Employee | 16-Mar-04 | 15-Mar-09 | 28,027 | 592 | 592 | 0 |
| 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 | 2,318 | 0 |
| 24-Mar-01 | Jong In Park | Executive Vice President | 25-Mar-04 | 24-Mar-07 | 25,100 | 19,333 | 19,333 | 0 |
| 16-Nov-01 | Sang Hoon Kim | Chairman | 17-Nov-04 | 16-Nov-09 | 51,200 | 150,000 | 50,000 | 100,000 |
| 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 | 1,021 | 2,300 |
| 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 | Dong Soo Chung | Non Executive Director | 23-Mar-05 | 22-Mar-10 | 57,100 | 10,000 | 0 | 10,000 |
| 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 |

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 | | | | |
| 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 | 16,405 | 10,000 |
| 22-Mar-02 | Jong Kyoo Yoon | Executive Vice President | 23-Mar-05 | 22-Mar-10 | 57,100 | 20,522 | 20,522 | 0 |
| 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 | 13,339 | 0 |
| 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 | 14,712 | 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 | 5,000 | 0 |
| 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 | 2,500 | 0 |
| 29-Mar-02 | Byoung 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 | 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 | 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 | 4,024 | 3,000 |
| 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 | 7,452 | 0 |
| 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 | 3,837 | 0 |
| 09-Feb-04 | Yang Jin Kim | Employee | 10-Feb-07 | 09-Feb-12 | 46,100 | 5,000 | 5,000 | 0 |

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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 | | | | |
| 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 | 10,000 | 0 |
| 01-Nov-04 | Chung Won Kang | President & CEO | 02-Nov-07 | 01-Nov-12 | X ² | 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 |
| 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 | 18,750 | 0 | 18,750 |
| 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 | 18,750 | 0 | 18,750 |
| 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 | 18,750 | 0 | 18,750 |
| 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 |

² Exercise price = (Base Price) Won x (1 + the increase rate of KOSPI Banking Industry Index x 0.4).

(Base Price) Won is the arithmetic mean of the following three numbers: the sum of the daily closing price multiplied by the daily trading volume divided by the daily trading volume for the common shares during each of the following periods: (i) two months prior to, but excluding, the grant date; (ii) one month prior to, but excluding, the grant date; and (iii) one week prior to, but excluding, the grant date.

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 | Number | Number of |
|------------|---------------------|---------------------------------|-----------------|-----------|----------------|------------------------------|----------------------|---------------------|
| | | | From | To | | granted options ¹ | of exercised options | exercisable options |
| 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 | 9,375 | 0 | 9,375 |
| 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 | 9,375 | 0 | 9,375 |
| 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 | 9,375 | 0 | 9,375 |
| 18-Mar-05 | Man Hee Lee | Employee | 19-Mar-08 | 18-Mar-13 | 46,800 | 9,375 | 0 | 9,375 |
| 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 | 9,375 | 0 | 9,375 |
| 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 | 63,600 | 10,072 | 0 | 10,072 |
| 18-Mar-05 | Dong Soo Chung | Non Executive Director | 19-Mar-08 | 18-Mar-13 | X ² | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Chang Kyu Lee | Non Executive Director | 19-Mar-08 | 18-Mar-13 | X ² | 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 | 63,800 | 10,031 | 0 | 10,031 |
| 18-Mar-05 | Dam Cho | Non Executive Director | 19-Mar-08 | 18-Mar-13 | X ² | 15,000 | 0 | 15,000 |
| 18-Mar-05 | Nobuya Takasugi | Non Executive Director | 19-Mar-08 | 18-Mar-13 | X ² | 15,000 | 0 | 15,000 |
| 27-Apr-05 | Kyung Wook Kang | Employee | 28-Apr-08 | 27-Apr-13 | 45,700 | 8,827 | 0 | 8,827 |
| 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 | Employee | 24-Aug-08 | 23-Aug-13 | 53,000 | 7,212 | 0 | 7,212 |
| 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 | | 0 | 0 | 0 |
| 24-Mar-06 | Chang Kyu Lee | Non Executive Director | 25-Mar-09 | 24-Mar-14 | X ³ | 10,000 | 0 | 10,000 |
| 24-Mar-06 | Dam Cho | Non Executive Director | 25-Mar-09 | 24-Mar-14 | X ³ | 10,000 | 0 | 10,000 |

³ Exercise price = (Base Price) Won x (1 + TRS of the three major competitors x 0.4)

(Base Price) Won is the arithmetic mean of the following three numbers: the sum of the daily closing price multiplied by the daily trading volume divided by the daily trading volume for the common shares during each of the following periods: (i) two months prior to, but excluding, the grant date; (ii) one month prior to, but excluding, the grant date; and (iii) one week prior to, but excluding, the grant date.

TRS of the three major competitors shall mean (the sum of each of the three major competitor's Total Market Cap at the expected exercise price confirmation date less the sum of each of the three major competitor's Total Market Cap at the grant date) divided by the sum of each of the three major competitor's Total Market Cap at 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 | | | | |
| 24-Mar-06 | Nobuya Takasugi | Non Executive Director | 25-Mar-09 | 24-Mar-14 | X ³ | 10,000 | 0 | 10,000 |
| 24-Mar-06 | Young Soon Cheon | Non Executive Director | 25-Mar-09 | 24-Mar-14 | 85,100 | 5,000 | 0 | 5,000 |
| 24-Mar-06 | Kee Young Chung | Non Executive Director | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Bo Kyung Byun | Non Executive Director | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Bae Kin Cha | Non Executive Director | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Hyung Duk Chang | Chief Audit Executive | 25-Mar-09 | 24-Mar-14 | X ³ | 20,000 | 0 | 20,000 |
| 24-Mar-06 | Ki Hong Kim | Chief Executive Vice President | 25-Mar-09 | 24-Mar-14 | X ³ | 210,000 | 0 | 210,000 |
| 24-Mar-06 | Kap Joe Song | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | X ³ | 45,000 | 0 | 45,000 |
| 24-Mar-06 | Dal Soo Lee | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | X ³ | 20,000 | 0 | 20,000 |
| 24-Mar-06 | Won Sik Yeo | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | X ³ | 20,000 | 0 | 20,000 |
| 24-Mar-06 | De Oak Shin | Senior Executive Vice President | 25-Mar-09 | 24-Mar-14 | X ³ | 20,000 | 0 | 20,000 |
| 24-Mar-06 | Choong Won Cho | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Yook Sang Kwon | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Haing Hyun Choi | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | In Gyu Choi | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Kwang Chun Shon | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Han Mok Cho | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Soon Hyun Kim | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Seung Joo Baik | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Kwang Mook Park | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Se Yoon Hong | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Sang Rak Jang | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Jin Sun Paeng | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Shin Og Joo | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Young Hee Jeon | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 24-Mar-06 | Bae Young Lee | Employee | 25-Mar-09 | 24-Mar-14 | X ³ | 30,000 | 0 | 30,000 |
| 28-Apr-06 | Young Mo Lee | Employee | 29-Apr-09 | 28-Apr-14 | X ³ | 30,000 | 0 | 30,000 |
| 27-Oct-06 | Dong Hyun Ji | Employee | 28-Oct-09 | 27-Oct-14 | X ³ | 20,000 | 0 | 20,000 |
| 08-Feb-07 | Dong Su Yeo | Senior Executive Vice President | 09-Feb-10 | 08-Feb-15 | X ³ | 10,000 | 0 | 10,000 |
| 08-Feb-07 | Hyeog Kwan Kwon | Senior Executive Vice President | 09-Feb-10 | 08-Feb-15 | X ³ | 10,000 | 0 | 10,000 |
| 08-Feb-07 | Jeung Ho Lee | Senior Executive Vice President | 09-Feb-10 | 08-Feb-15 | X ³ | 10,000 | 0 | 10,000 |
| 08-Feb-07 | Kyoung Woo Nam | Senior Executive Vice President | 09-Feb-10 | 08-Feb-15 | X ³ | 45,000 | 0 | 45,000 |
| 08-Feb-07 | Gi Eui Choi | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Chung Wook Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Kyung Hak Lee | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Jae Gon Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Heung Un Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Woo Shick Lee | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Young Hwan Sohn | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Young Gu Joo | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Han Ok Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ³ | 30,000 | 0 | 30,000 |

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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 | | | | |
| 08-Feb-07 | Yong Shin Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Kyung Gu Lee | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Kyun Shin | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Hwa Jung Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Tae Sung Hwang | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Myung Heun You | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Nam Cheol Shin | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | In Byung Park | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Kun Soo Kang | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Kwang Won Jee | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Youn Dong Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Chan Bon Park | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Jong Bum Kim | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Byong Duk Min | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Hye Seok Seo | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Bou Hwan Sim | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Yong Soo Seok | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 08-Feb-07 | Sang Hun Choi | Employee | 09-Feb-10 | 08-Feb-15 | X ₃ | 30,000 | 0 | 30,000 |
| 23-Mar-07 | Jacques P.M. Kemp | Non Executive Director | 24-Mar-10 | 23-Mar-15 | X ³ | 30,000 | 0 | 30,000 |
| | | Total | | | | 4,170,094 | 237,250 | 3,932,844 |

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5.4 Affiliated Companies

5.4.1. List of Affiliates¹

Affiliated companies of Kookmin Bank and its ownership as of September 30, 2007 are as follows.

KB Investment Co., Ltd. (99.99%)

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

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

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

KB Data Systems Corporation (99.99%)

KB Futures Co., Ltd. (99.98%)

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

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

Kookmin Bank Hong Kong Ltd. (100.00%)

Sorak Financial Holdings Pte. Ltd. (25.00%)

⁽¹⁾ Excludes Joeeun Industrial and KLB 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 four executive directors consist of the President & CEO, Chief Audit Executive, Chief Executive Vice President and Senior Executive Vice President as of September 30, 2007.

The names and positions of our directors, and the number of shares of Kookmin Bank's common stock they own are set forth below as of September 30, 2007.

| Name | Date of Birth | Position | Common Shares Owned |
|-----------------------------|---------------|---|---------------------|
| Chung Won Kang ¹ | 12/19/1950 | President & CEO | |
| Hyung Duk Chang | 08/13/1950 | Chief Audit Executive | |
| Ki Hong Kim | 01/10/1957 | Chief Executive Vice President ² | |
| 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.

Our current non-executive directors and the number of shares of Kookmin Bank's common stock they own as of September 30, 2007 are as follows.

| Name | Date of Birth | Position | Common Shares Owned |
|-------------------|---------------|------------------------|---------------------|
| Dong Soo Chung | 09/24/1945 | Non-Executive Director | 2,830 |
| Nobuya Takasugi | 09/03/1942 | Non-Executive Director | |
| Kee Young Chung | 09/07/1948 | Non-Executive Director | |
| Jacques P.M. Kemp | 05/15/1949 | Non-Executive Director | |
| Chang Kyu Lee | 05/20/1951 | Non-Executive Director | 500 |
| 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 | |

On October 31, 2007, a new non-executive director was appointed.

| Name | Date of Birth | Position | Common Shares Owned |
|----------------|---------------|------------------------|---------------------|
| Chee Joong Kim | 12/11/1955 | Non-Executive Director | |

¹ Mr. Chung Won Kang was reappointed as the President & CEO in the extraordinary general meeting of shareholders held on October 31, 2007.

² On October 12, 2007 the position of Mr. Ki Hong Kim changed to Senior EVP.

Table of Contents**6.3. Senior Management**

In addition to the executive directors who are also our executive officers, we currently have the following 14 executive officers as of September 30, 2007.

| Name | Date of Birth | Position | Common Shares Owned |
|---------------------|---------------|---------------------------------|---------------------|
| Dal Soo Lee | 02/15/1952 | Senior Executive Vice President | 152 |
| Won Sik Yeo | 01/30/1953 | Senior Executive Vice President | |
| Dong Su Yeo | 02/17/1956 | Senior Executive Vice President | |
| Hyeog Kwan Kwon | 12/10/1953 | Senior Executive Vice president | 40 |
| 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 | 8,963 |
| Kyoung Woo Nam | 04/01/1951 | Senior Executive Vice President | |
| Young Han Choi | 09/24/1958 | Senior Executive Vice President | |
| Jeung Ho Lee | 08/15/1952 | Senior Executive Vice President | 38 |
| Jeong Min Kim | 05/08/1951 | Senior Executive Vice President | 130 |
| 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, 2007.

(Unit: in millions of Won)

| | Number of Employees ¹ | | | Average Tenure of | Total Payment for the third quarter of 2007 ³ | Average Payment per Person |
|--------------|----------------------------------|--------------|---------------|--|--|----------------------------|
| | Full-time | Contractual | Total | the Full-time Employees (years) ² | | |
| Male | 12,928 | 1,505 | 14,433 | 17 years and 10 months | 751,111 | 52.0 |
| Female | 4,666 | 6,801 | 11,467 | 13 years and 8 months | 396,938 | 34.6 |
| Total | 17,594 | 8,306 | 25,900 | 16 years and 8 months | 1,148,049 | 44.3 |

¹ Number of employees is calculated as the arithmetic mean of the number of employees as of the end of each month from January 31, 2007 to September 30, 2007, and does not include executive vice presidents, local employees in overseas branches and persons engaged in outsourced services.

² Based on only full-time employees as of September 30, 2007

³ Based on labor expenses and employee benefit/welfare costs paid as of September 30, 2007

Table of Contents**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 |
|------------------------------------|----------------------------------|-----------------------------------|
| Citibank, N. A.² | 53,592,732 | 15.93 |
| Euro-Pacific Growth Fund | 18,377,910 | 5.46 |

¹ As of September 30, 2007

² Depositary under our ADR and GDR programs

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

(Unit: in millions of Won)

| Name | Relation with the Bank | Account | Beginning | | | Ending |
|---|---------------------------|---------------------------------------|--------------------------|--------------|--------------|----------------------------|
| | | | Balance (Jan 1, 2007) | Increase | Decrease | Balance (Sept 30, 2007) |
| 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 | 7,650 | | 22,950 |
| Jooeun Industrial¹ | Affiliate | Equity Securities of Affiliate | 9,999 | | | 9,999 |
| KLB Securities¹ | Affiliate | Equity Securities of Affiliate | 24,274 | | | 24,274 |
| ING Life Korea² | | Equity Securities | 14,000 | | 3,570 | 10,430 |
| Kookmin Bank Hong Kong Ltd. | Affiliate | Equity Securities of Affiliate | 18,592 | | 178 | 18,414 |
| Kookmin Bank International (London) Ltd. | Affiliate | Equity Securities of Affiliate | 36,482 | 827 | | 37,309 |

Based on par value

¹ Jooeun Industrial and KLB Securities are under liquidation procedures.

² Due to Kookmin Bank's disposition of a 5.1% stake in ING Life Korea on September 27, 2007, ING Life Korea is no longer a subsidiary of Kookmin Bank.

Table of Contents**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 | |
| LG International | Related party of Non-executive director, Kee Young Chung | Equity securities | 6,106 | 6,150 | 12,256 | 416 |
| DSME Co. | Related party of Non-executive director, Dong Soo Chung | Equity securities | 9,913 | 9,913 | 19,826 | 386 |
| Total | | | 16,019 | 16,063 | 32,082 | 802 |

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8. Other Important Information for Investors

8.1. Progress Relating to Regulatory Filing

1. On July 13, 2007, we submitted a current report on Form 6-K relating to a second notice of additional tax assessment from the Seoul Regional Tax Office in respect of the periodic tax audit for the years 2002 to 2005. This second assessment was in the amount of KRW 268,791,041,795, and in addition to an earlier assessment in the amount of KRW 173,189,962,460. The amount payable in respect of the second assessment was subsequently reduced by KRW 3,006,280,175, in part due to early payment of the assessed amounts. We paid such reduced amount on August 13, 2007.
2. On August 6, 2007 and August 13, 2007, we appealed the tax assessments in two separate proceedings, distinguished in part by type of tax. The amount of assessment being appealed is KRW 438,862,802,150.

8.2. Future Planned Business

1. Plan for entering into the securities business through the acquisition of Hannuri Investment & Securities Co., Ltd.

Implementation schedule:

Board resolution passed on November 14, 2007

Expected benefits:

Secure competitiveness in the capital markets area following the enactment of the Financial Investment Services and Capital Market Act

Recognize synergies between the banking and securities business

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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, 2007

By: /s/ Kap Shin
(Signature)
Name: Kap Shin
Title: CFO / Senior EVP

Executive Director

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KOOKMIN BANK

NON-CONSOLIDATED FINANCIAL STATEMENTS FOR

THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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Exhibit 99.1

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, 2007, and the related non-consolidated statements of income, cash flows and changes in shareholders' equity for the nine months ended September 30, 2007 and 2006, 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 review 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 review, 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, 2006, 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 March 2, 2007, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying non-consolidated balance sheet as of December 31, 2006, 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, cash flows and changes in shareholders' equity 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.

November 2, 2007

Notice to Readers

This report is effective as of November 2, 2007, 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, 2007 AND DECEMBER 31, 2006

| | 2007 | Korean Won (In millions) | 2006 |
|---|-------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Cash and due from banks (Notes 3 and 20) | (Won) 6,755,638 | | (Won) 6,568,306 |
| Securities (Notes 4 and 20) | 31,648,717 | | 29,382,480 |
| Loans (Notes 5, 6, 7 and 20) | 164,056,306 | | 149,867,182 |
| Tangible assets (Note 8) | 2,231,108 | | 2,137,732 |
| Other assets (Note 9) | 8,351,632 | | 7,250,781 |
| | (Won) 213,043,401 | | (Won) 195,206,481 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES: | | | |
| Deposits (Notes 10 and 20) | (Won) 133,463,188 | | (Won) 130,019,916 |
| Borrowings (Notes 11 and 20) | 48,701,555 | | 39,042,684 |
| Other liabilities (Notes 12, 13, 14, 15 and 16) | 15,313,489 | | 11,088,924 |
| | 197,478,232 | | 180,151,524 |
| SHAREHOLDERS' EQUITY (Note 17): | | | |
| Common stock | 1,681,896 | | 1,681,896 |
| Capital surplus | 6,258,297 | | 6,258,297 |
| Accumulated other comprehensive income | 451,329 | | 899,542 |
| Retained earnings | 7,173,647 | | 6,215,222 |
| | 15,565,169 | | 15,054,957 |
| | (Won) 213,043,401 | | (Won) 195,206,481 |

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, 2007 AND 2006

| | Korean Won | |
|---|--|-------------------|
| | 2007 | 2006 |
| | (In millions except per share amounts) | |
| OPERATING REVENUE: | | |
| Interest income: | | |
| Interest on due from banks (Note 21) | (Won) 11,339 | (Won) 22,420 |
| Interest on securities (Note 21) | 1,042,582 | 1,011,653 |
| Interest on loans (Note 21) | 8,845,489 | 7,826,252 |
| Other interest income | 26,642 | 22,460 |
| | 9,926,052 | 8,882,785 |
| Gain on valuation and disposal of securities: | | |
| Gain on valuation of trading securities | 5,145 | 33,894 |
| Gain on disposal of trading securities | 68,716 | 39,320 |
| Gain on disposal of available-for-sale securities | 752,321 | 136,165 |
| Reversal of impairment loss on available-for-sale securities (Note 4) | 23,726 | 83,725 |
| | 849,908 | 293,104 |
| Gain on disposal of loans | 27,112 | 36,311 |
| Foreign exchange trading income | 375,925 | 179,200 |
| Commission income | 1,115,443 | 975,126 |
| Fees and commissions from trust accounts (Note 27) | 69,123 | 71,707 |
| Dividends income | 10,892 | 7,444 |
| Other operating income: | | |
| Gain on derivatives trading | 1,971,459 | 3,154,456 |
| Gain on valuation of derivatives (Note 19) | 802,045 | 1,140,527 |
| Gain on valuation of fair value hedged items (Notes 10, 11 and 19) | 141,205 | 8,510 |
| Other operating income | 79,630 | 76,519 |
| | 2,994,339 | 4,380,012 |
| Total operating revenues | 15,368,794 | 14,825,689 |
| OPERATING EXPENSES: | | |
| Interest expenses: | | |
| Interest on deposits (Note 21) | 2,993,511 | 2,497,749 |
| Interest on borrowings (Note 21) | 1,736,730 | 1,291,113 |
| Other interest expenses | 58,738 | 37,590 |
| | 4,788,979 | 3,826,452 |

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| | | |
|--|------------|------------|
| Loss on valuation and disposal of securities: | | |
| Loss on valuation of trading securities | 26,516 | 834 |
| Loss on disposal of trading securities | 49,561 | 40,633 |
| Loss on disposal of available-for-sale securities | 16,065 | 13,220 |
| Impairment loss on available-for-sale securities (Note 4) | 60,745 | 53,463 |
| | 152,887 | 108,150 |
| Provision for possible loan losses (Note 7) | 298,854 | 423,739 |
| Foreign exchange trading losses | 199,938 | 252,540 |
| Commission expenses | 422,895 | 318,812 |
| General and administrative expenses (Note 22) | 2,680,397 | 2,417,600 |
| Other operating expenses: | | |
| Provision for acceptances and guarantees losses | 10,682 | 4,089 |
| Loss on derivatives trading | 1,932,186 | 2,975,852 |
| Loss on valuation of derivatives (Note 19) | 979,146 | 1,039,575 |
| Loss on valuation of fair value hedged items (Notes 10, 11 and 19) | 10,409 | 77,193 |
| Other operating expenses | 435,135 | 436,737 |
| | 3,367,558 | 4,533,446 |
| Total operating expenses | 11,911,508 | 11,880,739 |

(Continued)

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KOOKMIN BANK

NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

| | Korean Won | |
|--|--|-----------------|
| | 2007 | 2006 |
| | (In millions except per share amounts) | |
| OPERATING INCOME | (Won) 3,457,286 | (Won) 2,944,950 |
| NON-OPERATING REVENUE (Note 23) | 343,323 | 258,603 |
| NON-OPERATING EXPENSES (Note 23) | 562,762 | 89,763 |
| INCOME BEFORE INCOME TAX | 3,237,847 | 3,113,790 |
| INCOME TAX EXPENSE (Note 24) | 1,044,068 | 855,689 |
| NET INCOME (Note 26) | (Won) 2,193,779 | (Won) 2,258,101 |
| BASIC NET INCOME PER SHARE (In currency units) (Note 25) | (Won) 6,522 | (Won) 6,713 |
| DILUTED NET INCOME PER SHARE (In currency units) (Note 25) | (Won) 6,507 | (Won) 6,713 |

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, 2007 AND 2006

| | 2007 | Korean Won (In millions) | 2006 |
|---|-----------------|-----------------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | (Won) 2,193,779 | | (Won) 2,258,101 |
| Adjustments to reconcile net income to net cash used in operating activities: | | | |
| Loss on valuation of trading securities | 26,516 | | 834 |
| Impairment loss on available-for-sale securities | 60,745 | | 53,463 |
| Loss on valuation of securities accounted for using the equity method | 289 | | 1,612 |
| Provision for possible loan losses | 298,854 | | 423,739 |
| Depreciation and amortization | 296,910 | | 224,615 |
| Loss on disposal of tangible assets | 1,086 | | 1,629 |
| Loss on valuation of derivatives | 979,146 | | 1,039,575 |
| Loss on valuation of fair value hedged items | 10,409 | | 77,193 |
| Provision for severance benefits | 123,996 | | 103,864 |
| Gain on valuation of trading securities | (5,145) | | (33,894) |
| Reversal of impairment loss on available-for-sale securities | (23,726) | | (83,725) |
| Gain on valuation of securities accounted for using the equity method | (74,397) | | (76,077) |
| Gain on disposal of tangible assets | (10,128) | | (2,339) |
| Gain on valuation of derivatives | (802,045) | | (1,140,527) |
| Gain on valuation of fair value hedged items | (141,205) | | (8,510) |
| Others, net | 83,270 | | 55,557 |
| | 824,575 | | 637,009 |
| Changes in assets and liabilities resulting from operations: | | | |
| Net decrease (increase) in trading securities | (2,879,245) | | 407,268 |
| Net increase in available-for-sale securities | (90,796) | | (2,866,249) |
| Net decrease (increase) in held-to-maturity securities | 279,557 | | (957,793) |
| Net increase in loans | (14,492,564) | | (10,119,066) |
| Net increase in accounts receivable | (1,361,324) | | (4,951,270) |
| Net increase in accrued income | (182,041) | | (212,004) |
| Net increase in prepaid expenses | (38,631) | | (37,123) |
| Net decrease (increase) in deferred income tax assets | (204,289) | | 105,778 |
| Net increase in accounts payable | 1,667,235 | | 4,676,614 |
| Net increase (decrease) in accrued expenses | 701,118 | | (400,142) |
| Net increase in unearned revenues | 13,755 | | 10,405 |
| Payment of severance benefits | (19,801) | | (13,187) |
| Net increase in severance insurance deposits | (6,304) | | (35,780) |
| Others, net | 360,426 | | (220,071) |
| | (16,252,904) | | (14,612,620) |
| Net cash used in operating activities | (13,234,550) | | (11,717,510) |

(Continued)

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KOOKMIN BANK

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

| | 2007 | Korean Won (In millions) | 2006 |
|--|------------------------|-----------------------------|------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Net increase in restricted due from banks | (Won) (638,449) | | (Won) (81,914) |
| Net decrease in securities accounted for using the equity method | 211,393 | | 14,914 |
| Disposal of tangible assets | 19,408 | | 10,619 |
| Purchase of tangible assets | (320,690) | | (151,863) |
| Disposal of intangible assets | 76 | | |
| Disposal of non-business use properties | 308 | | 27 |
| Purchase of intangible assets | (35,295) | | (23,911) |
| Net increase in guarantee deposits paid | (109,699) | | (11,294) |
| Net decrease (increase) in domestic exchange settlement debits | 691,392 | | (432,889) |
| Net cash used in investing activities | (181,556) | | (676,311) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Net increase in deposits | 3,445,179 | | 2,208,755 |
| Net increase in borrowings | 9,566,556 | | 10,056,073 |
| Net increase (decrease) in other liabilities | 1,181,038 | | (201,683) |
| Exercise of stock options | | | 10,620 |
| Dividend | (1,227,784) | | (184,889) |
| Net cash provided by financing activities | 12,964,989 | | 11,888,876 |
| NET DECREASE IN CASH AND DUE FROM BANKS | (451,117) | | (504,945) |
| CASH AND DUE FROM BANKS, BEGINNING OF PERIOD | 3,287,819 | | 3,624,831 |
| CASH AND DUE FROM BANKS, END OF PERIOD (Note 31) | (Won) 2,836,702 | | (Won) 3,119,886 |

See accompanying notes to non-consolidated financial statements.

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KOOKMIN BANK

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

| | Capital stock | Capital surplus | Capital adjustments | Accumulated other comprehensive income (In millions) | Retained earnings | Total |
|---|-----------------|-----------------|---------------------|---|-------------------|------------------|
| January 1, 2006 | (Won) 1,681,896 | (Won) 6,254,786 | (Won) (5,772) | (Won) 512,742 | (Won) 3,929,948 | (Won) 12,373,600 |
| Dividend | | | | | (184,889) | (184,889) |
| Retained earnings after appropriations | | | | | 3,745,059 | 12,188,711 |
| Net income | | | | | 2,258,101 | 2,258,101 |
| Valuation of available-for-sale securities | | | | 163,923 | | 163,923 |
| Valuation of held-to-maturity securities | | | | (273) | | (273) |
| Valuation of securities using the equity method | | | | 9,233 | | 9,233 |
| Exercise of stock option | | | (3,888) | | | (3,888) |
| Disposal of treasury stock | | 3,511 | 9,660 | | | 13,171 |
| Others | | | | | (270) | (270) |
| September 30, 2006 | (Won) 1,681,896 | (Won) 6,258,297 | (Won) | (Won) 685,625 | (Won) 6,002,890 | (Won) 14,628,708 |
| January 1, 2007 | (Won) 1,681,896 | (Won) 6,258,297 | (Won) | (Won) 899,542 | (Won) 6,215,222 | (Won) 15,054,957 |
| Dividend | | | | | (1,227,784) | (1,227,784) |
| Retained earnings after appropriations | | | | | 4,987,438 | 13,827,173 |
| Net income | | | | | 2,193,779 | 2,193,779 |
| Valuation of available-for-sale securities | | | | (433,205) | | (433,205) |
| Valuation of held-to-maturity securities | | | | (53) | | (53) |
| Valuation of securities using the equity method | | | | (14,955) | (7,650) | (22,605) |
| Others | | | | | 80 | 80 |
| September 30, 2007 | (Won) 1,681,896 | (Won) 6,258,297 | (Won) | (Won) 451,329 | (Won) 7,173,647 | (Won) 15,565,169 |

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, 2007 AND 2006

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, 2007, the Bank's paid-in capital is (Won)1,681,896 million.

The Bank is engaged in the banking, trust, credit card and other relevant businesses according to the provisions of the General Banking Act, Trust Business Act, and Specialized Credit Financial Business Act, respectively. The Bank operates through 1,172 domestic branches and offices (excluding 242 automated teller machine stations) and four overseas branches (excluding two subsidiaries and two offices) as of September 30, 2007.

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, 2007 and December 31, 2006, 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)5,158,795 million and (Won)6,031,676 million, respectively, and the related accrued interest income not recognized amounted to (Won)599,979 million and (Won)525,475 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 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 accumulated other comprehensive income, which is 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 accumulated other comprehensive income 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, capital adjustments or accumulated other comprehensive income of investee are reflected as gain or loss on valuation of securities accounted for using the equity method in accumulated other comprehensive income.

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 gain or loss from the disposal of equity securities of certain consolidated subsidiaries is accounted for as accumulated other comprehensive income 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 Impairment Loss on Available-for-sale Securities and Held-to-maturity Securities

If the reasons for impairment losses on available-for-sale securities no longer exist, the recovery is recorded in current operations under operating revenue up to amount of the previously recognized impairment loss as reversal of impairment loss on available-for-sale securities and any excess is included in accumulated other comprehensive income 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 accumulated other comprehensive income. 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 operating revenue 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 impairment loss on held-to-maturity securities.

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(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 accumulated other comprehensive income 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 accumulated other comprehensive income 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 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 accumulated other comprehensive income 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 collateralized by bank deposits, real estate or 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 17 grades from AAA to D (AAA, AA+, AA, A, BBB+, BBB, BBB-, BB+, BB, BB-, B+, 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 0.7 ~ 6.9 percent for normal, 7 ~ 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 1 ~ 9.9 percent and 1.5 ~ 14.9 percent for normal, 10 ~ 19.9 percent and 15 ~ 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.

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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 the 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 the Financial Supervisory Service.

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.

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 to be used in assessing its historical loss rate and recovery ratio.

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.

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.

Table of Contents**Tangible Assets and Related Depreciation**

Tangible 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.

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 other 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 other 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 is 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.

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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 are 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, 2007 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 accumulated other comprehensive income and the ineffective portion is recorded in current operations. The effective portion of gain or loss recorded as accumulated other comprehensive income 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 accumulated other comprehensive income is added to or deducted from the asset or the liability.

Accounting for Share-based Payment

The terms of the arrangement for share-based payment transactions provide the Bank with a choice of whether the transaction is settled in cash or by issuing equity instruments. In accordance with the resolution of the Board of Directors on August 23, 2005 to settle the transaction in cash, the compensation cost is recorded in other liabilities (accrued expense). The compensation cost of stock options granted before and after the effective date of the Statements of Korea Accounting Standards No. 22 (Share-based Payment) was measured using the intrinsic value method in accordance with the Interpretations on Financial Accounting Standards 39-35 Accounting for Stock Options, and the fair value method, respectively.

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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.

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 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)920.70 and (Won)929.60 to US\$ 1.00 at September 30, 2007 and December 31, 2006, 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.

Discontinued Operation

A discontinued operation refers to a component of the Bank that is capable of being distinguished operationally for financial reporting purposes and is capable of being identified as a major line of business or geographical area of operations, and that the Bank, pursuant to a single plan of discontinuance, substantially disposes in its entirety, such as by selling it in a single transaction; sells off its assets and settles its liabilities individually or in small groups; or terminates it through abandonment. The income (loss) from continuing operation and discontinued operation was not distinguished and separately presented as there was no discontinued operation in the prior year and current period.

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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. 20 (Related Party Disclosures) (excluding SKAS No. 11 and No. 14) as of or before December 31, 2006, and SKAS No. 11 (Discontinued Operation) and SKAS No. 21 (Preparation and Presentation of Financial Statements) through SKAS No. 25 (Consolidated Financial Statements) have been adopted since January 1, 2007.

With the adoption of SKAS No. 21 (Preparation and Presentation of Financial Statements) and SKAS No. 24 (Preparation and Presentation of Financial Statements [Financial Industry]), the Bank included the statement of changes in shareholders' equity in the financial statements, and reclassified the components of the balance sheets as follows:

| Classification | Before | After |
|-----------------------|---------------------------|--|
| Assets | - Cash and due from banks | - Cash and due from banks |
| | - Securities | - Securities |
| | - Loans | - Loans |
| | - Fixed assets | - Tangible assets |
| | - Other assets | - Other assets |
| Liabilities | - Deposits | - Deposits |
| | - Borrowings | - Borrowings |
| | - Debentures | - Other liabilities |
| | - Other liabilities | |
| Shareholders' Equity | - Common stock | - Common stock |
| | - Capital surplus | - Capital surplus |
| | - Retained earnings | - Capital adjustments |
| | - Capital adjustments | - Accumulated other comprehensive income |
| | | - Retained earnings |

In addition, a discontinued operation is separately presented in the income statements and extraordinary items are no longer reported separately. The Bank has reclassified the components of the income statements; such as, gains or losses relating to available-for-sale securities and sale of loans that were presented under non-operating revenue (expenses) are currently presented under operating revenue (expenses). The effect of the changes in the classification of the income statement for the nine months ended September 30, 2007 is as follows (Unit: In millions):

| Classification | Before | After | Effect |
|-------------------------|------------------|------------------|----------------|
| Operating Revenue | (Won) 14,559,975 | (Won) 15,368,794 | (Won) 808,819 |
| Operating Expenses | 11,829,038 | 11,911,508 | 82,470 |
| Operating Income | 2,730,937 | 3,457,286 | 726,349 |
| Non-operating Revenue | 1,146,483 | 343,323 | (803,160) |

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| | | | |
|--|-----------------|-----------------|----------|
| Non-operating Expenses | 639,573 | 562,762 | (76,811) |
| Income before Income Tax | 3,237,847 | 3,237,847 | |
| Income Tax Expense | 1,044,068 | 1,044,068 | |
| Net Income | (Won) 2,193,779 | (Won) 2,193,779 | (Won) |
| Basic Net Income per Share (In currency units) | (Won) 6,522 | (Won) 6,522 | (Won) |
| Diluted Net Income per Share (In currency units) | (Won) 6,507 | (Won) 6,507 | (Won) |

(*) Income from continuing operation was not separately presented as there was no gain (loss) from discontinued operation.

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The financial statements for the prior period were restated for comparative purposes due to the application of SKAS No. 21 and No. 24. The restatement did not affect the previously reported prior period's net income or shareholders' equity. The effect of the restatement on the income statement for the nine months ended September 30, 2006 is as follows (Unit: In millions):

| Classification | Before | After | Effect |
|--|------------------|------------------|---------------|
| Operating Revenue | (Won) 14,568,653 | (Won) 14,825,689 | (Won) 257,036 |
| Operating Expenses | 11,809,415 | 11,880,739 | 71,324 |
| Operating Income | 2,759,238 | 2,944,950 | 185,712 |
| Non-operating Revenue | 514,804 | 258,603 | (256,201) |
| Non-operating Expenses | 160,252 | 89,763 | (70,489) |
| Income before Income Tax | 3,113,790 | 3,113,790 | |
| Income Tax Expense | 855,689 | 855,689 | |
| Net Income | (Won) 2,258,101 | (Won) 2,258,101 | (Won) |
| Basic Net Income per Share (In currency units) | (Won) 6,713 | (Won) 6,713 | (Won) |
| Diluted Net Income per Share (In currency units) | (Won) 6,713 | (Won) 6,713 | (Won) |

(*) Income from continuing operation was not separately presented as there was no gain (loss) from discontinued operation. In addition, the Bank has reclassified the components of the cash flows; such as, changes in available-for-sale securities, held-to-maturity securities and loans that were presented under cash flows from investing activities are currently presented under cash flows from operating activities. The accompanying non-consolidated statement of cash flows for the nine months ended September 30, 2006, which is presented for comparative purposes, was restated due to the application of SKAS No. 21 and No. 24.

The prior period financial statements were neither restated nor the earnings per share adjusted to reflect the effect of the application of SKAS No. 22 (Share-based Payment) and No. 23 (Earnings per Share), which is in accordance with the transition provision.

3. CASH AND DUE FROM BANKS:

(1) Cash and due from banks as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|--------------------|-----------------|-----------------|
| Cash and checks | (Won) 2,453,296 | (Won) 2,725,644 |
| Foreign currencies | 184,095 | 151,406 |
| Due from banks | 4,118,247 | 3,691,256 |
| | (Won) 6,755,638 | (Won) 6,568,306 |

(2) Due from banks as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| Financial institution | Interest (%) | 2007 | 2006 |
|-----------------------|--------------|------|------|
|-----------------------|--------------|------|------|

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| | | | |
|--|-----------|-----------------|-----------------|
| Due from banks in Won: | | | |
| BOK | | (Won) 3,819,923 | (Won) 3,195,224 |
| Woori Bank and others | 0.00~0.10 | 7,897 | 9,377 |
| Good Morning Shinhan Securities Co., Ltd. and others | | 7,705 | 6,006 |
| | | 3,835,525 | 3,210,607 |

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| Financial institution | Interest (%) | 2007 | 2006 |
|---------------------------------------|--------------|-----------------|-----------------|
| Due from banks in foreign currencies: | | | |
| BOK | | (Won) 85,970 | (Won) 75,026 |
| ABN AMRO Bank N.V. and others | 0.00~5.43 | 102,380 | 87,235 |
| Qingdao International Bank and others | 5.18~5.78 | 94,372 | 318,388 |
| | | 282,722 | 480,649 |
| | | (Won) 4,118,247 | (Won) 3,691,256 |

(3) Restricted due from banks as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| Financial institution | 2007 | 2006 | Reason for restriction |
|---------------------------------------|-----------------|-----------------|--------------------------------------|
| Due from banks in Won: | | | |
| BOK | (Won) 3,819,923 | (Won) 3,195,224 | BOK Act |
| Woori Bank | 576 | 4,605 | Escrow account |
| KB Futures Co., Ltd. and others | 4,297 | 4,492 | Futures margin accounts |
| Korea Exchange | 250 | 250 | Market entry due |
| Due from banks in foreign currencies: | | | |
| BOK | 85,970 | 75,026 | BOK Act |
| J.P. Morgan Futures Inc. and others | 742 | 890 | Futures margin accounts |
| ICBC NANFANG SUB-BR and others | 7,178 | | China's New Foreign Bank Regulations |
| | (Won) 3,918,936 | (Won) 3,280,487 | |

(4) Due from banks by financial institution as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| Financial institution | 2007 | 2006 |
|---------------------------------------|-----------------|-----------------|
| Due from banks in Won: | | |
| BOK | (Won) 3,819,923 | (Won) 3,195,224 |
| Other banks | 7,897 | 9,377 |
| Other financial institution | 7,705 | 6,006 |
| | 3,835,525 | 3,210,607 |
| Due from banks in foreign currencies: | | |
| BOK | 85,970 | 75,026 |
| Other banks | 196,010 | 404,733 |
| Other financial institution | 742 | 890 |
| | 282,722 | 480,649 |
| | (Won) 4,118,247 | (Won) 3,691,256 |

(5) Term structure of due from banks as of September 30, 2007 was as follows (Unit: In millions):

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| | Due in | Due after | Due after | Due after | | |
|--------------------------------------|--------------------|------------------|------------------|------------------|------------------|-----------------|
| | 3 months or | 3 months | 6 months | 1 year | More than | |
| | less | through | through | through | 3 years | Total |
| | | 6 months | 1 year | 3 years | 3 years | |
| Due from banks in Won | (Won) 3,835,424 | (Won) | (Won) | (Won) 101 | (Won) | (Won) 3,835,525 |
| Due from banks in foreign currencies | 275,544 | 7,178 | | | | 282,722 |
| | (Won) 4,110,968 | (Won) 7,178 | (Won) | (Won) 101 | (Won) | (Won) 4,118,247 |

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Term structure of due from banks as of December 31, 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 | Due after More than 3 years | Total |
|---|-------------------------------|--|--|--|-----------------------------------|-----------------|
| Due from banks in Won | (Won) 3,206,002 | (Won) 4,029 | (Won) 475 | (Won) 101 | (Won) | (Won) 3,210,607 |
| Due from banks in foreign currencies | 429,521 | 51,128 | | | | 480,649 |
| | (Won) 3,635,523 | (Won) 55,157 | (Won) 475 | (Won) 101 | (Won) | (Won) 3,691,256 |

4. **SECURITIES:**

(1) Securities as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|--|------------------|------------------|
| Trading securities | (Won) 5,455,522 | (Won) 2,589,719 |
| Available-for-sale securities | 14,784,341 | 15,113,898 |
| Held-to-maturity securities | 10,671,836 | 10,939,331 |
| Securities accounted for using the equity method | 737,018 | 739,532 |
| | (Won) 31,648,717 | (Won) 29,382,480 |

(2) The valuation of securities excluding securities accounted for using the equity method as of September 30, 2007 consisted of (Unit: In millions):

| Classification | Face value | Acquisition cost (*) | Adjusted by | | Book value |
|-----------------------------|-----------------|-------------------------|--------------------------------------|--|-----------------|
| | | | effective interest rate method | | |
| Trading securities: | | | | | |
| Equity securities | (Won) 217,940 | (Won) 71,612 | (Won) | | (Won) 75,514 |
| Beneficiary certificates | 799,858 | 223,619 | | | 223,740 |
| Government and public bonds | 4,247,312 | 782,992 | 784,954 | | 780,973 |
| Finance bonds | 160,124 | 4,229,498 | 4,236,105 | | 4,215,090 |
| Corporate bonds | 964 | 160,137 | 159,647 | | 159,249 |
| Asset-backed securities | 964 | 953 | 956 | | 956 |
| | (Won) 5,426,198 | (Won) 5,468,811 | (Won) 5,181,662 | | (Won) 5,455,522 |

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| Available-for-sale securities: | | | | | |
|--------------------------------|------------------|------------------|-----------|------------------|------------------|
| Equity securities | (Won) | (Won) | 949,170 | (Won) | (Won) 1,163,745 |
| Equity investments | | | 24,159 | | 27,630 |
| Beneficiary certificates | 151,361 | | 151,186 | | 152,343 |
| Government and public bonds | 4,096,712 | | 4,020,822 | 4,032,200 | 3,984,352 |
| Finance bonds | 7,930,919 | | 7,913,111 | 7,916,052 | 7,864,886 |
| Corporate bonds | 1,185,535 | | 1,146,089 | 1,128,160 | 1,122,540 |
| Asset-backed securities | 796,112 | | 732,454 | 373,486 | 442,941 |
| Other debt securities | 25,242 | | 15,866 | | 25,904 |
| | (Won) 14,185,881 | (Won) 14,952,857 | | (Won) 13,449,898 | (Won) 14,784,341 |

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| Classification | Face value | Acquisition cost (*) | Adjusted by | | Book value |
|-------------------------------------|------------------|-------------------------|----------------------------|--------|------------------|
| | | | effective interest rate | method | |
| Held-to-maturity securities: | | | | | |
| Government and public bonds | (Won) 6,819,832 | (Won) 6,646,251 | (Won) 6,677,909 | | (Won) 6,677,909 |
| Finance bonds | 1,217,621 | 1,216,824 | 1,216,658 | | 1,216,658 |
| Corporate bonds | 2,519,773 | 2,522,570 | 2,514,288 | | 2,514,288 |
| Asset-backed securities | 263,000 | 262,942 | 262,981 | | 262,981 |
| | (Won) 10,820,226 | (Won) 10,648,587 | (Won) 10,671,836 | | (Won) 10,671,836 |

(*) The book value before valuation has been recognized for equity securities classified as available-for-sale.

The valuation of securities excluding securities accounted for using the equity method as of December 31, 2006 consisted of (Unit: In millions):

| Classification | Face value | Acquisition cost (*) | Adjusted by | | Book value |
|---------------------------------------|------------------|-------------------------|----------------------------|--------|------------------|
| | | | effective interest rate | method | |
| Trading securities: | | | | | |
| Equity securities | (Won) | (Won) 55,871 | (Won) | | (Won) 57,196 |
| Beneficiary certificates | 100,285 | 100,737 | | | 103,488 |
| Government and public bonds | 387,598 | 375,518 | 369,206 | | 376,597 |
| Finance bonds | 1,961,888 | 1,953,158 | 1,955,278 | | 1,951,106 |
| Corporate bonds | 101,311 | 100,947 | 101,705 | | 101,332 |
| | (Won) 2,551,082 | (Won) 2,586,231 | (Won) 2,426,189 | | (Won) 2,589,719 |
| Available-for-sale securities: | | | | | |
| Equity securities | (Won) | (Won) 1,337,214 | (Won) | | (Won) 1,975,847 |
| Equity investments | | 510 | | | 3,840 |
| Beneficiary certificates | 601,394 | 601,194 | | | 608,242 |
| Government and public bonds | 3,130,037 | 3,117,853 | 3,120,855 | | 3,105,038 |
| Finance bonds | 7,830,928 | 7,767,030 | 7,793,953 | | 7,782,194 |
| Corporate bonds | 1,000,411 | 965,657 | 950,345 | | 950,200 |
| Asset-backed securities | 991,092 | 927,660 | 672,357 | | 671,827 |
| Other debt securities | 18,412 | 8,843 | | | 16,710 |
| | (Won) 13,572,274 | (Won) 14,725,961 | (Won) 12,537,510 | | (Won) 15,113,898 |
| Held-to-maturity securities: | | | | | |
| Government and public bonds | (Won) 6,708,303 | (Won) 6,633,496 | (Won) 6,644,907 | | (Won) 6,644,907 |
| Finance bonds | 2,208,000 | 2,208,271 | 2,208,185 | | 2,208,185 |
| Corporate bonds | 1,879,779 | 1,887,352 | 1,881,270 | | 1,881,270 |
| Asset-backed securities | 205,000 | 204,906 | 204,969 | | 204,969 |

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(Won) 11,001,082 (Won) 10,934,025 (Won) 10,939,331 (Won) 10,939,331

(*) The book value before valuation has been recognized for equity securities classified as available-for-sale.

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

The fair value of the available-for-sale non-marketable equity securities such as Korea Housing Guarantee Co., Ltd. and 21 others, and the restricted available-for-sale marketable equity securities such as Hyundai Engineering and Construction Co., Ltd. and 4 others were reliably measured by an independent appraisal institute using reasonable judgment. The fair value was determined based on more than one valuation models such as Discounted Cash Flow (DCF) Model, Imputed Market Value (IMV) Model, Discounted Free Cash Flow to Equity (FCFE) Model, Dividend Discount (DD) Model and Risk Adjusted Discounted Cash Flow (RADCF) Model depending on the equity securities.

- (3) Available-for-sale securities, which were not valued at fair value as of September 30, 2007 and December 31, 2006, were as follows (Unit: In millions):

| Company | 2007 | 2006 |
|--------------------------------------|--------------|---------------|
| Bad Bank Harmony (preferred stock) | (Won) 33,896 | (Won) 58,848 |
| Non-performing Asset Management Fund | 23,650 | |
| Korea Asset Management Corp. | 15,667 | 15,667 |
| Samsung Life Insurance Co., Ltd. | 7,479 | 7,479 |
| Korea Highway Corp. | 6,248 | 6,248 |
| Tianjin Samsung Opto_Electronics | 899 | 908 |
| CMB Hankang Cable TV Co., Ltd. | 835 | 835 |
| CLS | 821 | 5,128 |
| Solomon Credit Information Co., Ltd. | 791 | 791 |
| Others | 6,928 | 15,549 |
| | (Won) 97,214 | (Won) 111,453 |

- (4) The impairment loss and the reversal of impairment loss on available-for-sale securities for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In millions):

| | 2007 | | 2006 | |
|-------------------------|--------------|--------------|--------------|--------------|
| | Impairment | Reversal | Impairment | Reversal |
| Equity securities | (Won) 9,268 | (Won) | (Won) 10,980 | (Won) 81,408 |
| Equity investments | 1 | 23,650 | 1 | |
| Corporate bonds | | 76 | | 2,317 |
| Asset-backed securities | 51,476 | | 42,482 | |
| | (Won) 60,745 | (Won) 23,726 | (Won) 53,463 | (Won) 83,725 |

- (5) Structured notes relating to stock and interest rate and credit risk as of September 30, 2007 were as follows (Unit: In millions):

| | Won | Foreign currencies | Total |
|-------------------------------------|-------|--------------------|-------------|
| Structured notes relating to stock: | | | |
| Convertible bonds | (Won) | (Won) 7,444 | (Won) 7,444 |

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| | | | |
|--|---------------|--------------|---------------|
| Structured notes relating to interest rate: | | | |
| Long-term government bond floating rates notes (FRN) | 177,261 | | 177,261 |
| Others | 110,102 | | 110,102 |
| | 287,363 | | 287,363 |
| Structured notes relating to Credit: | | | |
| Synthetic CDO | | 18,153 | 18,153 |
| Bonds with call option | 18,000 | | 18,000 |
| | (Won) 305,363 | (Won) 25,597 | (Won) 330,960 |

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Structured notes relating to stock, interest rate and credit risk as of December 31, 2006 were as follows (Unit: In millions):

| | Won | Foreign currencies | Total |
|--|---------------|-----------------------|---------------|
| Structured notes relating to stock: | | | |
| Convertible bonds | (Won) | (Won) 24,121 | (Won) 24,121 |
| Structured notes relating to interest rate: | | | |
| Long-term government bond FRN | 378,840 | | 378,840 |
| Dual indexed FRN | 19,931 | | 19,931 |
| Inverse FRN | 20,115 | | 20,115 |
| Others | 110,236 | | 110,236 |
| | 529,122 | | 529,122 |
| Structured notes relating to Credit: | | | |
| Synthetic CDO | | 9,290 | 9,290 |
| Bonds with call option | 20,000 | | 20,000 |
| | (Won) 549,122 | (Won) 33,411 | (Won) 582,533 |

- (6) Private beneficiary certificates included in beneficiary certificates of available-for-sale securities as of September 30, 2007 and December 31, 2006 were composed of (Unit: In millions):

| | 2007 | 2006 |
|-----------------------------|---------------|---------------|
| Stocks | (Won) 41,849 | (Won) 90,874 |
| Government and public bonds | | 115,929 |
| Finance bonds | 89,478 | 359,282 |
| Corporate bonds | 49,816 | 27,943 |
| Asset-backed securities | | 10,000 |
| Call loans | 37,820 | 48,091 |
| Others | 9,105 | 59,878 |
| Assets | 228,068 | 711,997 |
| Liabilities | 26,221 | 2,504 |
| | (Won) 201,847 | (Won) 709,493 |

- (7) The portfolio of securities excluding securities accounted for using the equity method, by industry, as of September 30, 2007 and December 31, 2006 was as follows (Unit: In millions):

| By industry type | 2007 | | 2006 | |
|------------------|--------|-------------------|--------|-------------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |

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| Trading securities: | | | | | | |
|---|-------|------------|--------|-------|------------|--------|
| Government and government-invested public companies | (Won) | 931,554 | 17.08 | (Won) | 479,367 | 18.51 |
| Financial and insurance | | 4,451,273 | 81.59 | | 2,063,151 | 79.67 |
| Others | | 72,695 | 1.33 | | 47,201 | 1.82 |
| | (Won) | 5,455,522 | 100.00 | (Won) | 2,589,719 | 100.00 |
| Available-for-sale securities: | | | | | | |
| Government and government-invested public companies | (Won) | 4,496,126 | 30.41 | (Won) | 3,662,749 | 24.24 |
| Financial institutions | | 9,077,981 | 61.40 | | 10,413,843 | 68.90 |
| Others | | 1,210,234 | 8.19 | | 1,037,306 | 6.86 |
| | (Won) | 14,784,341 | 100.00 | (Won) | 15,113,898 | 100.00 |
| Held-to-maturity securities: | | | | | | |
| Government and government-invested public companies | (Won) | 8,942,512 | 83.80 | (Won) | 8,406,232 | 76.84 |
| Financial institutions | | 1,659,638 | 15.55 | | 2,503,154 | 22.88 |
| Others | | 69,686 | 0.65 | | 29,945 | 0.28 |
| | (Won) | 10,671,836 | 100.00 | (Won) | 10,939,331 | 100.00 |

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- (8) The portfolio of securities excluding securities accounted for using the equity method, by security type, as of September 30, 2007 and December 31, 2006 was as follows (Unit: In millions):

| By security type | 2007 | | 2006 | |
|---------------------------------------|------------------|------------|------------------|------------|
| | Amount | Percentage | Amount | Percentage |
| Trading securities: | | | | |
| Stocks | (Won) 75,514 | 1.38 | (Won) 57,196 | 2.21 |
| Fixed rate bonds | 5,118,708 | 93.83 | 2,328,953 | 89.93 |
| Floating rate bonds | 37,560 | 0.69 | 100,082 | 3.86 |
| Beneficiary certificates | 223,740 | 4.10 | 103,488 | 4.00 |
| | (Won) 5,455,522 | 100.00 | (Won) 2,589,719 | 100.00 |
| Available-for-sale securities: | | | | |
| Stocks | (Won) 1,163,745 | 7.87 | (Won) 1,975,847 | 13.07 |
| Fixed rate bonds | 12,303,727 | 83.22 | 11,215,054 | 74.20 |
| Floating rate bonds | 568,282 | 3.85 | 579,663 | 3.84 |
| Subordinated bonds | 535,266 | 3.62 | 690,028 | 4.57 |
| Convertible bonds | 7,444 | 0.05 | 24,121 | 0.16 |
| Beneficiary certificates | 152,343 | 1.03 | 608,242 | 4.02 |
| Others | 53,534 | 0.36 | 20,943 | 0.14 |
| | (Won) 14,784,341 | 100.00 | (Won) 15,113,898 | 100.00 |
| Held-to-maturity securities: | | | | |
| Fixed rate bonds | (Won) 10,584,281 | 99.18 | (Won) 10,879,331 | 99.45 |
| Floating rate bonds | 87,555 | 0.82 | 60,000 | 0.55 |
| | (Won) 10,671,836 | 100.00 | (Won) 10,939,331 | 100.00 |

- (9) The portfolio of securities excluding securities accounted for using the equity method, by country, as of September 30, 2007 and December 31, 2006 was as follows (Unit: In millions):

| By country type | 2007 | | 2006 | |
|---------------------------------------|------------------|------------|------------------|------------|
| | Amount | Percentage | Amount | Percentage |
| Trading securities: | | | | |
| Korea | (Won) 5,455,522 | 100.00 | (Won) 2,589,719 | 100.00 |
| Available-for-sale securities: | | | | |
| Korea | (Won) 14,616,286 | 98.87 | (Won) 15,019,533 | 99.39 |
| USA | 59,877 | 0.41 | 27,794 | 0.18 |
| India | 26,951 | 0.18 | 9,685 | 0.06 |
| UK | 21,896 | 0.15 | 4,605 | 0.03 |
| Kazakhstan | 17,927 | 0.12 | | |
| Russia | 16,602 | 0.11 | 33,573 | 0.22 |

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| | | | | |
|------------|-------|------|-------|------|
| Ireland | 8,946 | 0.06 | 9,290 | 0.06 |
| Japan | 8,726 | 0.06 | | |
| Bangladesh | 3,548 | 0.02 | 1,583 | 0.01 |
| China | 1,876 | 0.01 | 1,894 | 0.01 |
| Others | 1,706 | 0.01 | 5,941 | 0.04 |

| | | | | |
|--|------------------|--------|------------------|--------|
| | (Won) 14,784,341 | 100.00 | (Won) 15,113,898 | 100.00 |
|--|------------------|--------|------------------|--------|

Held-to-maturity securities:

| | | | | |
|-------|------------------|-------|------------------|--------|
| Korea | (Won) 10,644,280 | 99.74 | (Won) 10,939,331 | 100.00 |
| USA | 27,556 | 0.26 | | |

| | | | | |
|--|------------------|--------|------------------|--------|
| | (Won) 10,671,836 | 100.00 | (Won) 10,939,331 | 100.00 |
|--|------------------|--------|------------------|--------|

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- (10) Term structure of securities except for stocks and equity investments in available-for-sale and held-to-maturity securities as of September 30, 2007 was as follows (Unit: In millions):

| | Due in 1 year or less | Due after 1 year through 5 years | Due after 5 years through 10 years | More than 10 years | Total |
|---------------------------------------|--------------------------|--|--|-----------------------|------------------|
| Available-for-sale securities: | | | | | |
| Fair value | (Won) 4,097,137 | (Won) 9,198,884 | (Won) 206,165 | (Won) 90,780 | (Won) 13,592,966 |
| Held-to-maturity securities: | | | | | |
| Book value | 1,829,394 | 6,068,405 | 2,745,688 | 28,349 | 10,671,836 |
| Fair value | 1,821,633 | 5,961,526 | 2,636,051 | 27,559 | 10,446,769 |

- Term structure of securities except for stocks and equity investments in available-for-sale and held-to-maturity securities as of December 31, 2006 was as follows (Unit: In millions):

| | Due in 1 year or less | Due after 1 year through 5 years | Due after 5 years through 10 years | More than 10 years | Total |
|---------------------------------------|--------------------------|--|--|-----------------------|------------------|
| Available-for-sale securities: | | | | | |
| Fair value | (Won) 5,150,081 | (Won) 7,685,231 | (Won) 261,419 | (Won) 37,480 | (Won) 13,134,211 |
| Held-to-maturity securities: | | | | | |
| Book value | 3,211,790 | 5,276,939 | 2,450,602 | | 10,939,331 |
| Fair value | 3,207,704 | 5,229,016 | 2,440,235 | | 10,876,955 |

- (11) Securities accounted for using the equity method as of September 30, 2007 were summarized as follows (Unit: In millions):

| | No. of shares | Owner- ship (%) | Acquisition cost | Net asset value | Book value |
|-------------------------------------|------------------|-----------------------|---------------------|--------------------|--------------|
| Domestic stocks: | | | | | |
| KB Investment Co., Ltd. | 8,951,293 | 99.99 | (Won) 155,384 | (Won) 95,839 | (Won) 95,839 |
| KB Futures Co., Ltd. | 3,999,200 | 99.98 | 19,996 | 28,922 | 28,922 |
| KB Data System Co., Ltd. | 799,960 | 99.99 | 8,001 | 18,542 | 15,076 |
| KB Real Estate Trust | 15,999,930 | 99.99 | 76,103 | 109,336 | 109,572 |
| KB Asset Management | 6,134,040 | 80.00 | 39,015 | 72,481 | 72,481 |
| KB Credit Information | 1,249,040 | 99.73 | 14,291 | 39,049 | 38,625 |
| KB Life Insurance Co., Ltd. | 4,590,000 | 51.00 | 23,076 | 18,183 | |
| KLB Securities Co., Ltd. (*1) | 4,854,713 | 36.41 | 10,316 | | |
| Joeeun Industrial Co., Ltd. (*1) | 1,999,910 | 99.99 | 23,994 | | |
| ING Life Insurance Korea Co., Ltd. | 1,043,000 | 14.90 | 16,218 | 89,310 | 89,310 |
| Balhae Infrastructure Fund (*2) | 5,258,597 | 12.61 | 53,029 | 53,689 | 53,689 |
| Korea Credit Bureau Co., Ltd. (*3) | 180,000 | 9.00 | 4,500 | 2,879 | 2,879 |
| | | | 443,923 | 528,230 | 506,393 |
| Foreign stocks: | | | | | |
| Kookmin Bank Singapore Ltd. (*1) | 30,000,000 | 100.00 | 18,535 | | 1,599 |
| Kookmin Finance Asia Ltd. (HK) (*1) | 700,000 | 100.00 | 7,349 | | 224 |
| Kookmin Bank Int 1 Ltd. (London) | 20,000,000 | 100.00 | 36,713 | 60,282 | 60,282 |
| Kookmin Bank Hong Kong Ltd. | 2,000,000 | 100.00 | 48,853 | 76,511 | 76,511 |
| Sorak Financial Holdings PTE Ltd. | 1,422,216 | 25.00 | 75,422 | 84,698 | 84,698 |

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| | | | | | |
|---------------------------------------|-----|-------|---------------|---------------|---------------|
| | | | 186,872 | 221,491 | 223,314 |
| Equity investments: | | | | | |
| KB06-1 Venture Investment Partnership | 150 | 50.00 | 7,500 | 7,311 | 7,311 |
| | | | (Won) 638,295 | (Won) 757,032 | (Won) 737,018 |

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Securities accounted for using the equity method as of December 31, 2006 were summarized as follows (Unit: In millions):

| | No. of shares | Owner- ship (%) | Acquisition cost | Net asset value | Book value |
|--|------------------|-----------------------|---------------------|--------------------|---------------|
| Domestic stocks: | | | | | |
| KB Investment Co., Ltd. | 8,951,293 | 99.99 | (Won) 155,384 | (Won) 94,443 | (Won) 94,443 |
| KB Futures Co., Ltd. | 3,999,200 | 99.98 | 19,996 | 28,077 | 28,077 |
| KB Data System Co., Ltd. | 799,960 | 99.99 | 8,001 | 17,603 | 14,609 |
| KB Real Estate Trust | 15,999,930 | 99.99 | 76,103 | 99,539 | 99,544 |
| KB Asset Management | 6,134,040 | 80.00 | 39,015 | 65,271 | 65,271 |
| KB Credit Information | 1,249,040 | 99.73 | 14,291 | 35,314 | 34,735 |
| KB Life Insurance Co., Ltd. | 3,060,000 | 51.00 | 15,426 | 16,271 | |
| KLB Securities Co., Ltd. (*1) | 4,854,713 | 36.41 | 10,316 | | |
| Joeeun Industrial Co., Ltd. (*1) | 1,999,910 | 99.99 | 23,994 | | |
| ING Life Insurance Korea Co., Ltd. | 1,400,000 | 20.00 | 21,769 | 123,587 | 123,587 |
| Balhae Infrastructure Fund (*2) | 4,486,305 | 12.61 | 45,126 | 45,589 | 45,589 |
| Korea Credit Bureau Co., Ltd. (*3) | 180,000 | 9.00 | 4,500 | 3,297 | 3,297 |
| | | | 433,921 | 528,991 | 509,152 |
| Foreign stocks: | | | | | |
| Kookmin Bank Singapore Ltd. (*1) | 30,000,000 | 100.00 | 18,173 | | 1,614 |
| Kookmin Finance Asia Ltd. (HK) (*1) | 700,000 | 100.00 | 7,420 | | 226 |
| Kookmin Bank Int 1 Ltd. (London) | 20,000,000 | 100.00 | 35,900 | 56,496 | 56,496 |
| Kookmin Bank Hong Kong Ltd. | 2,000,000 | 100.00 | 49,326 | 72,130 | 72,130 |
| Sorak Financial Holdings PTE Ltd. | 1,422,216 | 25.00 | 73,947 | 87,299 | 87,299 |
| | | | 184,766 | 215,925 | 217,765 |
| Equity investments: | | | | | |
| Pacific IT Investment Partnership (*4) | 700 | 50.00 | 6,252 | 1,958 | 1,958 |
| NPC02-4 Kookmin Venture Fund (*4) | 70 | 33.33 | 7,000 | 8,204 | 8,204 |
| KB06-1 Venture Investment Partnership | 50 | 50.00 | 2,500 | 2,453 | 2,453 |
| | | | 15,752 | 12,615 | 12,615 |
| | | | (Won) 634,439 | (Won) 757,531 | (Won) 739,532 |

(*1) KLB Securities Co., Ltd., Joeeun Industrial Co., Ltd., Kookmin Bank Singapore Ltd. and Kookmin Finance Asia, Ltd. are all in the process of liquidation as of September 30, 2007.

(*2) The Bank may exercise its voting right at the board meeting or at an equally significant decision making body of the investee.

(*3) The Bank has significant influence in electing the board member who may participate in the decision making process relating to the financial and business policy of the investee.

(*4) The liquidation of Pacific IT Investment Partnership and NPC02-4 Kookmin Venture Fund has been finalized in 2007.

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(12) The valuation of securities accounted for using the equity method for the nine months ended September 30, 2007 was as follows (Unit: In millions):

| | Book value before valuation | Acquisition (disposition) | Dividend | Foreign exchange trading income (loss) | Equity gain (loss) on investment | Other compre- hensive income (loss) | Retained earnings | Book value after valuation |
|--|-----------------------------------|------------------------------|---------------|--|---|---|----------------------|----------------------------------|
| Domestic stocks: | | | | | | | | |
| KB Investment Co., Ltd. | (Won) 94,443 | (Won) | (Won) (2,238) | (Won) | (Won) 4,020 | (Won) (386) | (Won) | (Won) 95,839 |
| KB Futures Co., Ltd. | 28,077 | | (1,200) | | 2,045 | | | 28,922 |
| KB Data System Co., Ltd. (*1) | 14,609 | | (800) | | 1,267 | | | 15,076 |
| KB Real Estate Trust | 99,544 | | (12,000) | | 22,028 | | | 109,572 |
| KB Asset Management | 65,271 | | (6,134) | | 13,330 | 14 | | 72,481 |
| KB Credit Information (*2) | 34,735 | | (187) | | 4,077 | | | 38,625 |
| KB Life Insurance Co., Ltd. (*1 and 3) | | 7,650 | | | | | (7,650) | |
| KLB Securities Co., Ltd. (*3) | | | | | | | | |
| Jooeun Industrial Co., Ltd. (*3) | | | | | | | | |
| ING Life Insurance Korea Co., Ltd. | 123,587 | (31,686) | | | 10,581 | (13,172) | | 89,310 |
| Balhae Infrastructure Fund | 45,589 | 7,903 | (1,603) | | 1,800 | | | 53,689 |
| Korea Credit Bureau Co., Ltd. | 3,297 | | | | (147) | (271) | | 2,879 |
| | 509,152 | (16,133) | (24,162) | | 59,001 | (13,815) | (7,650) | 506,393 |
| Foreign stocks: | | | | | | | | |
| Kookmin Bank Singapore Ltd. | 1,614 | | | (15) | | | | 1,599 |
| Kookmin Finance Asia Ltd. (HK) | 226 | | | (2) | | | | 224 |
| | 56,496 | | | 1,279 | 2,431 | 76 | | 60,282 |

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| | | | | | | | |
|--|---------------|----------------|----------------|-------------|--------------|----------------|---------------|
| Kookmin Bank Int'l Ltd. (London) | | | | | | | |
| Kookmin Bank Hong Kong Ltd. | 72,130 | | (691) | 5,456 | (384) | | 76,511 |
| Sorak Financial Holdings PTE Ltd. | 87,299 | | (3,251) | 1,741 | 5,099 | (6,190) | 84,698 |
| | 217,765 | | (3,251) | 2,312 | 12,986 | (6,498) | 223,314 |
| Equity investments: | | | | | | | |
| Pacific IT Investment Partnership | 1,958 | (1,958) | | | | | |
| NPC02-4 Kookmin Venture Fund | 8,204 | (7,083) | (3,443) | | 2,263 | 59 | |
| KB06-1 Venture Investment Partnership | 2,453 | 5,000 | | | (142) | | 7,311 |
| | 12,615 | (4,041) | (3,443) | | 2,121 | 59 | 7,311 |
| | (Won) 739,532 | (Won) (20,174) | (Won) (30,856) | (Won) 2,312 | (Won) 74,108 | (Won) (20,254) | (Won) (7,650) |
| | | | | | | | (Won) 737,018 |

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The valuation of securities accounted for using the equity method for the year ended December 31, 2006 was as follows (Unit: In millions):

| | Book value before valuation | Acquisition (disposition) | Dividend | Foreign currency translation gain (loss) | Equity gain (loss) on investment | Other compre- hensive income (loss) | Retained earnings | Book value after valuation |
|---|-----------------------------------|------------------------------|---------------|---|--|---|----------------------|----------------------------------|
| Domestic stocks: | | | | | | | | |
| KB Investment Co., Ltd. | (Won) 85,462 | (Won) | (Won) (2,238) | (Won) | (Won) 10,974 | (Won) 245 | (Won) | (Won) 94,443 |
| KB Futures Co., Ltd. | 27,312 | | (1,000) | | 1,823 | (58) | | 28,077 |
| KB Data System Co., Ltd. (*1) | 15,582 | | (2,399) | | 1,426 | | | 14,609 |
| KB Real Estate Trust | 81,068 | | | | 18,337 | 139 | | 99,544 |
| KB Asset Management | 52,485 | | (6,134) | | 18,909 | 11 | | 65,271 |
| KB Credit Information (*2) | 27,837 | | (624) | | 7,522 | | | 34,735 |
| KB Life Insurance Co., Ltd. (*1 and 3) | | | | | | 1,582 | (1,582) | |
| KLB Securities Co., Ltd. (*3) | | | | | | | | |
| Joeun Industrial Co., Ltd. (*3) | | | | | | | | |
| ING Life Insurance Korea Co., Ltd. | 77,529 | | | | 31,308 | 14,750 | | 123,587 |
| Balhae Infrastructure Fund | | 45,126 | (11) | | 474 | | | 45,589 |
| Korea Credit Bureau Co., Ltd. | | 4,500 | | | (1,203) | | | 3,297 |
| | 367,275 | 49,626 | (12,406) | | 89,570 | 16,669 | (1,582) | 509,152 |
| Foreign stocks: | | | | | | | | |
| Kookmin Bank Singapore Ltd. | 1,759 | | | (145) | | | | 1,614 |
| Kookmin Finance Asia Ltd. (HK) | 246 | | | (20) | | | | 226 |

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| | | | | | | | |
|--|---------------|--------------|----------------|---------------|---------------|--------------|---------------|
| Kookmin Bank Int 1 Ltd. (London) | 50,523 | | 2,237 | 4,262 | (526) | | 56,496 |
| Kookmin Bank Hong Kong Ltd. | 69,958 | | (5,760) | 8,044 | (112) | | 72,130 |
| Sorak Financial Holdings PTE Ltd. | 82,401 | (6,009) | (438) | 7,065 | 4,280 | | 87,299 |
| | 204,887 | (6,009) | (4,126) | 19,371 | 3,642 | | 217,765 |
| Equity investments: | | | | | | | |
| KICO No. 2 Venture Investment Partnership | 130 | (93) | | (37) | | | |
| KICO No. 3 Venture Investment Partnership | 147 | (117) | | (30) | | | |
| Pacific IT Investment Partnership | 4,950 | (1,496) | | (1,496) | | | 1,958 |
| NPC02-4 Kookmin Venture Fund | 12,128 | (3,000) | (2,129) | 1,263 | (58) | | 8,204 |
| KB06-1 Venture Investment Partnership | | 2,500 | | (47) | | | 2,453 |
| | 17,355 | (2,206) | (2,129) | (347) | (58) | | 12,615 |
| | (Won) 589,517 | (Won) 47,420 | (Won) (20,544) | (Won) (4,126) | (Won) 108,594 | (Won) 20,253 | (Won) (1,582) |
| | | | | | | | (Won) 739,532 |

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- (*1) The significant unrealized income eliminated for the nine months ended September 30, 2007 and for the year ended December 31, 2006 was as follows (Unit: In millions):

| | Related accounts | 2007 | 2006 |
|-----------------------------|---|-------------|-------------|
| KB Data System Co., Ltd. | Tangible assets (sales) | (Won) 439 | (Won) 914 |
| KB Life Insurance Co., Ltd. | Commissions (deferred acquisition cost) | 7,945 | 3,730 |
| | | (Won) 8,384 | (Won) 4,644 |

- (*2) The difference between the cost of the investment and the amount of the underlying equity in the net assets of KB Credit Information amounting to (Won)1,128 million, which resulted from the additional purchase of shares in October 2004, is amortized over 5 years using the straight-line method and credited to the gain on valuation of securities accounted for using the equity method. As a result, (Won)169 million and (Won)226 million were credited to current operation for the nine months ended September 30, 2007 and for the year ended December 31, 2006, respectively, and the balance of the difference amounts to (Won)451 million and (Won)620 million as of September 30, 2007 and December 31, 2006, respectively.
- (*3) The equity method is no longer applied to securities of KLB Securities Co., Ltd. and Jooeun Industrial Co., Ltd. due to accumulated deficit, and to securities of KB Life Insurance Co., Ltd. due to unrealized income elimination, which led to a decrease in the book value below zero.

The unrecognized accumulated deficit and change due to the equity method as of September 30, 2007 was as follows (Unit: In millions):

| | Deficit | Change due to equity method | Total |
|-----------------------------|--------------|-----------------------------|---------------|
| KLB Securities Co., Ltd. | (Won) 4,148 | (Won) | (Won) 4,148 |
| Jooeun Industrial Co., Ltd. | 60,257 | | 60,257 |
| KB Life Insurance Co., Ltd. | 32,163 | 9,470 | 41,633 |
| | (Won) 96,568 | (Won) 9,470 | (Won) 106,038 |

The unrecognized accumulated deficit and change due to the equity method as of December 31, 2006 was as follows (Unit: In millions):

| | Deficit | Change due to equity method | Total |
|-----------------------------|---------------|-----------------------------|---------------|
| KLB Securities Co., Ltd. | (Won) 4,148 | (Won) | (Won) 4,148 |
| Jooeun Industrial Co., Ltd. | 72,686 | | 72,686 |
| KB Life Insurance Co., Ltd. | 27,217 | 3,436 | 30,653 |
| | (Won) 104,051 | (Won) 3,436 | (Won) 107,487 |

- (13) Significant financial data of companies of which stocks were accounted for using the equity method as of and for the nine months ended September 30, 2007 was as follows (Unit: In millions):

| | Assets | Liabilities | Sales | Net income (loss) |
|-------------------------|--------------|-------------|--------------|-------------------|
| KB Investment Co., Ltd. | (Won) 97,409 | (Won) 1,565 | (Won) 10,203 | (Won) 4,020 |
| KB Futures Co., Ltd. | 90,153 | 61,225 | 10,074 | 2,046 |

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| | | | | |
|--------------------------|---------|---------|--------|--------|
| KB Data System Co., Ltd. | 31,787 | 13,244 | 40,561 | 1,739 |
| KB Real Estate Trust | 243,445 | 134,109 | 49,207 | 21,797 |
| KB Asset Management | 104,978 | 14,377 | 37,181 | 16,661 |

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| | Assets | Liabilities | Sales | Net income (loss) |
|---------------------------------------|------------|-------------|-----------|-------------------------|
| KB Credit Information | 45,887 | 6,734 | 43,990 | 3,933 |
| KB Life Insurance Co., Ltd. | 1,070,665 | 1,035,013 | 452,445 | 579 |
| Joeeun Industrial Co., Ltd. | 99,173 | 159,433 | 107,325 | 12,842 |
| ING Life Insurance Korea Co., Ltd. | 11,412,524 | 10,813,125 | 2,614,520 | 51,793 |
| Balhae Infrastructure Fund | 426,878 | 947 | 17,042 | 14,277 |
| Korea Credit Bureau Co., Ltd. | 34,895 | 2,900 | 15,558 | (1,938) |
| Kookmin Bank Int 1 Ltd. (London) | 469,784 | 409,502 | 19,478 | 2,431 |
| Kookmin Bank Hong Kong Ltd. | 414,478 | 337,967 | 25,084 | 5,996 |
| Sorak Financial Holdings PTE Ltd. | 5,290,697 | 4,951,903 | 449,579 | 20,933 |
| KB06-1 Venture Investment Partnership | 14,747 | 125 | 108 | (284) |

Reviewed financial statements as of September 30, 2007 were used for the application of the equity method, except for Joeeun Industrial Co., Ltd., Balhae Infrastructure Fund, Korea Credit Bureau Co., Ltd. and KB06-1 Venture Investment Partnership, of which unaudited financial statements as of September 30, 2007 were used for the application of the equity method, and ING Life Insurance Korea Co., Ltd. and Sorak Financial Holdings PTE Ltd. of which unaudited financial statements as of August 31, 2007 were used for the application of the equity method. The significant events from the closing dates of the investees to that of the Bank were properly reflected in applying the equity method. There was no material exception as a result of analytical review, such as analysis of major accounts to assess reliability of those financial statements.

Significant financial data of companies of which stocks were accounted for using the equity method as of and for the year ended December 31, 2006 was as follows (Unit: In millions):

| | Assets | Liabilities | Sales | Net income (loss) |
|---------------------------------------|--------------|-------------|--------------|----------------------|
| KB Investment Co., Ltd. | (Won) 96,296 | (Won) 1,848 | (Won) 20,030 | (Won) 10,974 |
| KB Futures Co., Ltd. | 67,145 | 39,062 | 11,487 | 1,824 |
| KB Data System Co., Ltd. | 33,471 | 15,868 | 67,588 | 2,277 |
| KB Real Estate Trust | 206,392 | 106,853 | 66,122 | 18,424 |
| KB Asset Management | 92,220 | 10,631 | 44,826 | 23,636 |
| KB Credit Information | 43,938 | 8,529 | 71,532 | 7,329 |
| KB Life Insurance Co., Ltd. | 700,438 | 668,535 | 409,302 | 4,187 |
| Joeeun Industrial Co., Ltd. | 110,193 | 182,882 | 64,404 | 2,253 |
| ING Life Insurance Korea Co., Ltd. | 9,635,249 | 9,017,312 | 3,149,367 | 156,539 |
| Balhae Infrastructure Fund | 362,440 | 4,410 | 6,404 | 3,765 |
| Korea Credit Bureau Co., Ltd. | 42,826 | 6,193 | 13,963 | (5,645) |
| Kookmin Bank Int 1 Ltd. (London) | 315,938 | 259,442 | 20,634 | 3,736 |
| Kookmin Bank Hong Kong Ltd. | 395,935 | 323,805 | 27,568 | 7,963 |
| Sorak Financial Holdings PTE Ltd. | 5,197,633 | 4,848,437 | 680,311 | 33,189 |
| Pacific IT Investment Partnership | 1,986 | 28 | | (1,496) |
| NPC02-4 Kookmin Venture Fund | 24,852 | 240 | 5,459 | 3,790 |
| KB06-1 Venture Investment Partnership | 5,067 | 162 | 67 | (95) |

Audited or reviewed financial statements as of December 31, 2006 were used for the application of the equity method, except for Pacific IT Investment Partnership, Balhae Infrastructure Fund, Korea Credit Bureau Co., Ltd. and KB06-1 Venture Investment Partnership of which unaudited financial statements as of December 31, 2006 were used for the application of the equity method, and ING Life Insurance Korea Co., Ltd. and Sorak Financial Holdings PTE Ltd., of which unaudited financial statements as of November 30, 2006 were used for the application of the equity method. The significant events from the closing dates of the investees to that of the Bank were properly reflected in applying the equity method. There was no material exception as a result of analytical review, such as analysis of major accounts to assess reliability of those financial statements.

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(14) Changes in accumulated other comprehensive income for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| | Beginning | Increase (Decrease) | Disposal (Realization) | Ending |
|---|---------------|------------------------|---------------------------|---------------|
| Gain (loss) on valuation of available-for-sale securities: | | | | |
| Equity securities | (Won) 846,123 | (Won) 162,389 | (Won) (540,861) | (Won) 467,651 |
| Debt securities in Won | 22,669 | (57,394) | 9,460 | (25,265) |
| Debt securities in foreign currencies | 4,010 | (3,355) | (747) | (92) |
| Beneficiary certificates | 5,050 | 537 | (4,807) | 780 |
| Others | 5,704 | 1,573 | | 7,277 |
| | 883,556 | 103,750 | (536,955) | 450,351 |
| Gain on valuation of held-to-maturity securities: | | | | |
| Debt securities in Won | 98 | | (53) | 45 |
| Gain on valuation of securities accounted for using the equity method | 15,888 | (13,794) | (1,161) | 933 |
| | (Won) 899,542 | (Won) 89,956 | (Won) (538,169) | (Won) 451,329 |

Changes in accumulated other comprehensive income for the year ended December 31, 2006 were as follows (Unit: In millions):

| | Beginning | Increase (Decrease) | Disposal (Realization) | Ending |
|---|---------------|------------------------|---------------------------|---------------|
| Gain (loss) on valuation of available-for-sale securities: | | | | |
| Equity securities | (Won) 454,250 | (Won) 470,552 | (Won) (78,679) | (Won) 846,123 |
| Debt securities in Won | 32,614 | (3,203) | (6,742) | 22,669 |
| Debt securities in foreign currencies | 5,867 | 1,671 | (3,528) | 4,010 |
| Beneficiary certificates | 16,858 | 4,894 | (16,702) | 5,050 |
| Others | 1,779 | 3,925 | | 5,704 |
| | 511,368 | 477,839 | (105,651) | 883,556 |
| Gain on valuation of held-to-maturity securities: | | | | |
| Debt securities in Won | 426 | | (328) | 98 |
| Gain on valuation of securities accounted for using the equity method | 948 | 15,522 | (582) | 15,888 |
| | (Won) 512,742 | (Won) (493,361) | (Won) (106,561) | (Won) 899,542 |

(15) Securities provided as collateral as of September 30, 2007 were as follows (Unit: In millions):

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| Provided to | Book value | Collateral amount | Provided for |
|--------------------------------------|-------------------|--------------------------|--|
| Korea Securities Depository & others | (Won) 7,047,518 | (Won) 7,100,000 | Bonds sold under repurchase agreements |
| BOK | 487,291 | 490,000 | Borrowings from BOK |
| BOK | 319,041 | 332,200 | Overdrafts and settlement risk |
| Samsung Futures & others | 474,146 | 488,000 | Derivative settlement |
| Others | 12 | 1,628 | Other |
| | (Won) 8,328,008 | (Won) 8,411,828 | |

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Securities provided as collateral as of December 31, 2006 were as follows (Unit: In millions):

| Provided to | Book value | Collateral amount | Provided for |
|--------------------------------------|-------------------|--------------------------|--|
| Korea Securities Depository & others | (Won) 7,070,657 | (Won) 7,100,000 | Bonds sold under repurchase agreements |
| BOK | 725,902 | 725,700 | Borrowings from BOK |
| BOK | 330,294 | 330,600 | Overdrafts and settlement risk |
| Samsung Futures & others | 294,760 | 307,500 | Derivative settlement |
| Others | 402 | 1,628 | Other |
| | (Won) 8,422,015 | (Won) 8,465,428 | |

(16) Securities lent as of September 30, 2007 and December 31, 2006 were as follows (Unit: In millions):

| | 2007 | 2006 | Provided to |
|-----------------------------|---------------|---------------|--|
| Government and public bonds | (Won) 217,163 | (Won) 119,614 | Korea Securities Depository and others |
| Finance bonds | 34,499 | 23,671 | Korea Securities Depository |
| | (Won) 251,662 | (Won) 143,285 | |

5. LOANS:

(1) Loans as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|---|-------------------|-------------------|
| Call loans | (Won) 907,926 | (Won) 1,247,109 |
| Domestic import usance bill | 1,606,805 | 1,256,747 |
| Credit card receivables | 9,276,031 | 8,667,740 |
| Bills bought in foreign currencies | 1,365,099 | 1,270,314 |
| Bills bought in Won | 11,840 | 16,587 |
| Bonds purchased under repurchase agreements | | 500,000 |
| Loans | 145,433,474 | 131,579,881 |
| Factoring receivables | 20,649 | 30,948 |
| Advances for customers | 29,412 | 19,209 |
| Private placed bonds | 7,515,263 | 7,499,208 |
| Loans for debt-equity swap | 1,968 | 1,968 |
| | 166,168,467 | 152,089,711 |
| Allowance for possible loan losses | (2,284,368) | (2,360,867) |
| Deferred loan origination fees and costs | 172,207 | 138,338 |
| | (Won) 164,056,306 | (Won) 149,867,182 |

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(2) Loans in Won and loans in foreign currencies as of September 30, 2007 and December 31, 2006 were as follows (Unit: In millions):

| | 2007 | 2006 |
|---|-------------------|-------------------|
| Loans in Won: | | |
| Commercial | | |
| Working capital loans | | |
| General purpose loans | (Won) 33,510,758 | (Won) 27,161,083 |
| Notes discounted | 1,185,100 | 697,235 |
| Overdraft accounts | 427,367 | 286,724 |
| Trading notes | 838,356 | 612,305 |
| Others | 5,318,006 | 4,297,074 |
| | 41,279,587 | 33,054,421 |
| Facilities loans | | |
| General facilities loans | (Won) 9,352,920 | (Won) 5,107,519 |
| Others | 1,163,802 | 995,730 |
| | 10,516,722 | 6,103,249 |
| | 51,796,309 | 39,157,670 |
| Households | | |
| General purpose loans | 46,304,413 | 45,946,145 |
| Housing loans | 39,797,747 | 39,007,176 |
| Remunerations on mutual installment savings | 115,196 | 147,672 |
| Others | 416,565 | 416,103 |
| | 86,633,921 | 85,517,096 |
| Public sector | | |
| Public operation loans | 1,115,574 | 894,178 |
| Public facilities loans | 14,287 | 3,687 |
| | 1,129,861 | 897,865 |
| Other | | |
| Property formation loans | 752 | 1,013 |
| Others | 795 | 1,173 |
| | 1,547 | 2,186 |
| | 139,561,638 | 125,574,817 |
| Loans in foreign currencies: | | |
| Domestic funding loans | 4,690,524 | 4,441,975 |
| Overseas funding loans | 547,910 | 429,836 |
| Inter-bank loans | 633,402 | 1,133,253 |
| | 5,871,836 | 6,005,064 |
| | (Won) 145,433,474 | (Won) 131,579,881 |

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(3) Loans in Won and loans in foreign currencies, classified by borrower type, as of September 30, 2007 were as follows (Unit: In millions):

| By borrower type | Loans in Won | | Loans in foreign currencies | | Percentage | |
|-------------------------------|-------------------|--|-----------------------------|--|-------------------|--------|
| | (Won) | | (Won) | | (Won) | (%) |
| Large corporations | 5,060,325 | | 3,966,067 | | 9,026,392 | 6.21 |
| Small and medium corporations | 46,735,984 | | 1,738,863 | | 48,474,847 | 33.33 |
| Households | 86,635,468 | | 51,572 | | 86,687,040 | 59.60 |
| Others | 1,129,861 | | 115,334 | | 1,245,195 | 0.86 |
| | (Won) 139,561,638 | | (Won) 5,871,836 | | (Won) 145,433,474 | 100.00 |

Loans in Won and loans in foreign currencies, classified by borrower type, as of December 31, 2006 were as follows (Unit: In millions):

| By borrower type | Loans in Won | | Loans in foreign currencies | | Percentage | |
|-------------------------------|-------------------|--|-----------------------------|--|-------------------|--------|
| | (Won) | | (Won) | | (Won) | (%) |
| Large corporations | 2,783,921 | | 3,795,539 | | 6,579,460 | 5.00 |
| Small and medium corporations | 36,373,749 | | 758,998 | | 37,132,747 | 28.22 |
| Households | 85,519,282 | | 46,069 | | 85,565,351 | 65.03 |
| Others | 897,865 | | 1,404,458 | | 2,302,323 | 1.75 |
| | (Won) 125,574,817 | | (Won) 6,005,064 | | (Won) 131,579,881 | 100.00 |

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(4) Loans classified by borrower's country or region as of September 30, 2007 were as follows (Unit: In millions):

| By country | Loans in | | | Total | Percentage (%) |
|---------------------------|-------------------|--------------------|------------------|-------------------|----------------|
| | Loans in Won | foreign currencies | Others | | |
| Korea | (Won) 139,561,638 | (Won) 5,512,903 | (Won) 20,317,155 | (Won) 165,391,696 | 99.53 |
| Southeast Asia | | 27,872 | 5 | 27,877 | 0.02 |
| China | | 10,709 | | 10,709 | 0.01 |
| Japan | | 250,215 | 65 | 250,280 | 0.15 |
| Central and South America | | 11,143 | 1 | 11,144 | 0.01 |
| USA | | 62 | 20,892 | 20,954 | 0.01 |
| Others | | 58,932 | 396,875 | 455,807 | 0.27 |
| | (Won) 139,561,638 | (Won) 5,871,836 | (Won) 20,734,993 | (Won) 166,168,467 | 100.00 |

Loans classified by borrower's country or region as of December 31, 2006 were as follows (Unit: In millions):

| By country | Loans in | | | Total | Percentage (%) |
|---------------------------|-------------------|--------------------|------------------|-------------------|----------------|
| | Loans in Won | foreign currencies | Others | | |
| Korea | (Won) 125,574,817 | (Won) 5,749,511 | (Won) 20,430,801 | (Won) 151,755,129 | 99.79 |
| Southeast Asia | | 25,525 | 1 | 25,526 | 0.02 |
| China | | 7,019 | | 7,019 | 0.00 |
| Japan | | 172,447 | 78 | 172,525 | 0.11 |
| Central and South America | | 4,142 | 1 | 4,143 | 0.00 |
| USA | | 84 | 2,438 | 2,522 | 0.00 |
| Others | | 46,336 | 76,511 | 122,847 | 0.08 |
| | (Won) 125,574,817 | (Won) 6,005,064 | (Won) 20,509,830 | (Won) 152,089,711 | 100.00 |

(5) Loans classified by industry as of September 30, 2007 were as follows (Unit: In millions):

| By industry | Loans in | | | Total | Percentage (%) |
|-----------------------|-------------------|--------------------|------------------|-------------------|----------------|
| | Loans in Won | foreign currencies | Others | | |
| Corporations: | | | | | |
| Finance and insurance | (Won) 1,012,218 | (Won) 739,314 | (Won) 2,402,402 | (Won) 4,153,934 | 2.50 |
| Manufacturing | 14,331,066 | 2,171,444 | 4,693,527 | 21,196,037 | 12.76 |
| Services | 21,667,762 | 1,779,352 | 1,698,534 | 25,145,648 | 15.13 |
| Others | 15,679,249 | 1,122,482 | 3,645,212 | 20,446,943 | 12.30 |
| Households | 86,635,468 | 51,572 | 7,943,628 | 94,630,668 | 56.95 |
| Public sector | 235,875 | 7,672 | 351,690 | 595,237 | 0.36 |
| | (Won) 139,561,638 | (Won) 5,871,836 | (Won) 20,734,993 | (Won) 166,168,467 | 100.00 |

Loans classified by industry as of December 31, 2006 were as follows (Unit: In millions):

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| By industry | Loans in Won | | Loans in foreign currencies | Others | Total | | Percentage (%) |
|-----------------------|---------------------|-------------|------------------------------------|------------------|--------------|-------------|-----------------------|
| Corporations: | | | | | | | |
| Finance and insurance | (Won) | 622,860 | (Won) 1,181,085 | (Won) 2,727,468 | (Won) | 4,531,413 | 2.98 |
| Manufacturing | | 11,148,580 | 1,624,177 | 4,371,916 | | 17,144,673 | 11.27 |
| Services | | 16,337,444 | 920,649 | 1,799,334 | | 19,057,427 | 12.53 |
| Others | | 11,779,703 | 2,226,334 | 3,728,378 | | 17,734,415 | 11.66 |
| Households | | 85,519,282 | 46,069 | 7,504,999 | | 93,070,350 | 61.20 |
| Public sector | | 166,948 | 6,750 | 377,735 | | 551,433 | 0.36 |
| | (Won) | 125,574,817 | (Won) 6,005,064 | (Won) 20,509,830 | (Won) | 152,089,711 | 100.00 |

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(6) Loans to financial institutions as of September 30, 2007 were as follows (Unit: In millions):

| | Bank | Other financial institutions | Total |
|-----------------------------|-----------------|---|-----------------|
| Loans in Won | (Won) | (Won) 1,012,218 | (Won) 1,012,218 |
| Loans in foreign currencies | 633,402 | 105,912 | 739,314 |
| Others | 962,512 | 1,439,890 | 2,402,402 |
| | (Won) 1,595,914 | (Won) 2,558,020 | (Won) 4,153,934 |

Loans to financial institutions as of December 31, 2006 were as follows (Unit: In millions):

| | Bank | Other financial institutions | Total |
|-----------------------------|-----------------|---|-----------------|
| Loans in Won | (Won) | (Won) 622,860 | (Won) 622,860 |
| Loans in foreign currencies | 1,133,253 | 47,832 | 1,181,085 |
| Others | 1,780,151 | 947,317 | 2,727,468 |
| | (Won) 2,913,404 | (Won) 1,618,009 | (Won) 4,531,413 |

(7) The classification of asset quality for loans as of September 30, 2007 is summarized as follows (Unit: In millions):

| | Normal | Precautionary | Substandard | Doubtful | Estimated loss | Total |
|-----------------------------|-------------------|----------------------|--------------------|-----------------|---------------------------|-------------------|
| Call loans | (Won) 907,926 | (Won) | (Won) | (Won) | (Won) | (Won) 907,926 |
| Domestic import usance bill | 1,583,620 | 14,296 | 8,668 | 115 | 106 | 1,606,805 |
| Credit card receivables | 9,022,643 | 171,164 | 1,179 | 49,193 | 31,852 | 9,276,031 |
| Bills bought (*) | 1,370,183 | 4,372 | 452 | 527 | 1,405 | 1,376,939 |
| Loans | 142,872,016 | 1,408,847 | 563,290 | 411,682 | 177,639 | 145,433,474 |
| Factoring receivables | 20,649 | | | | | 20,649 |
| Advances for customers | 867 | 400 | 24,490 | 1,313 | 2,342 | 29,412 |
| Privately placed bonds | 7,504,347 | 6,316 | 2,725 | | 1,875 | 7,515,263 |
| Loans for debt-equity swap | | | | 1,968 | | 1,968 |
| | (Won) 163,282,251 | (Won) 1,605,395 | (Won) 600,804 | (Won) 464,798 | (Won) 215,219 | (Won) 166,168,467 |

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The classification of asset quality for loans as of December 31, 2006 is summarized as follows (Unit: In millions):

| | Normal | Precautionary | Substandard | Doubtful | Estimated loss | Total |
|--|-------------------|-----------------|---------------|---------------|----------------|-------------------|
| | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) |
| Call loans | 1,247,109 | | | | | 1,247,109 |
| Domestic import usance bill | 1,210,010 | 16,025 | 26,497 | 3,126 | 1,089 | 1,256,747 |
| Credit card receivables | 8,341,239 | 215,089 | 648 | 71,227 | 39,537 | 8,667,740 |
| Bills bought (*) | 1,283,897 | 2,338 | 283 | 297 | 86 | 1,286,901 |
| Bond purchased under repurchase agreements | 500,000 | | | | | 500,000 |
| Loans | 128,711,695 | 1,484,362 | 667,689 | 474,730 | 241,405 | 131,579,881 |
| Factoring receivables | 30,948 | | | | | 30,948 |
| Advances for customers | 133 | 508 | 8,753 | 1,833 | 7,982 | 19,209 |
| Privately placed bonds | 7,498,067 | | 650 | | 491 | 7,499,208 |
| Loans for debt-equity swap | | | | 1,968 | | 1,968 |
| | (Won) 148,823,098 | (Won) 1,718,322 | (Won) 704,520 | (Won) 553,181 | (Won) 290,590 | (Won) 152,089,711 |

(*) Bill bought in Won included

(8) The term structure of loans as of September 30, 2007 was as follows (Unit: In millions):

Loans in foreign

| | Loans in Won | currencies | Others | Total |
|-------------------------------------|-------------------|-----------------|------------------|-------------------|
| | (Won) | (Won) | (Won) | (Won) |
| Due in 3 months or less | 18,582,571 | 1,123,585 | 10,301,312 | 30,007,468 |
| Due after 3 months through 6 months | 13,096,726 | 534,353 | 1,970,045 | 15,601,124 |
| Due after 6 months through 1 year | 31,037,655 | 1,137,331 | 1,774,418 | 33,949,404 |
| Due after 1 year through 2 years | 12,617,375 | 1,120,762 | 4,590,411 | 18,328,548 |
| Due after 2 years through 3 years | 16,041,346 | 622,007 | 928,808 | 17,592,161 |
| Due after 3 years through 4 years | 3,064,075 | 640,022 | 613,776 | 4,317,873 |
| Due after 4 years through 5 years | 2,413,594 | 218,997 | 202,947 | 2,835,538 |
| More than 5 years | 42,708,296 | 474,779 | 353,276 | 43,536,351 |
| | (Won) 139,561,638 | (Won) 5,871,836 | (Won) 20,734,993 | (Won) 166,168,467 |

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The term structure of loans as of December 31, 2006 was as follows (Unit: In millions):

| | Loans in Won | Loans in foreign currencies | Others | Total |
|-------------------------------------|---------------------|------------------------------------|------------------|-------------------|
| Due in 3 months or less | (Won) 15,122,967 | (Won) 1,471,927 | (Won) 10,008,593 | (Won) 26,603,487 |
| Due after 3 months through 6 months | 14,837,648 | 997,738 | 1,537,897 | 17,373,283 |
| Due after 6 months through 1 year | 30,049,634 | 788,702 | 2,532,032 | 33,370,368 |
| Due after 1 year through 2 years | 10,138,015 | 346,373 | 2,654,949 | 13,139,337 |
| Due after 2 years through 3 years | 11,764,066 | 1,172,993 | 2,498,390 | 15,435,449 |
| Due after 3 years through 4 years | 4,847,371 | 200,535 | 226,555 | 5,274,461 |
| Due after 4 years through 5 years | 2,399,378 | 647,661 | 706,345 | 3,753,384 |
| More than 5 years | 36,415,738 | 379,135 | 345,069 | 37,139,942 |
| | (Won) 125,574,817 | (Won) 6,005,064 | (Won) 20,509,830 | (Won) 152,089,711 |

(9) Credit card receivables as collateral

The Bank offers the credit card receivables amounting to (Won)392,251 million and (Won)253,591 million (before deducting the allowance) as collateral for the transaction of credit card receivables to SPC as of September 30, 2007 and December 31, 2006, respectively.

(10) The changes in deferred loan origination fees and costs for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| | Beginning | Increase | Decrease | Ending |
|--|------------------|-----------------|-----------------|---------------|
| Deferred loan origination fees and costs | (Won) 138,338 | (Won) 65,955 | (Won) 32,086 | (Won) 172,207 |

6. **RESTRUCTURED LOANS:**

(1) The loans that were restructured by means of principal reduction, debt-equity swap, interest reduction because of workouts for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| | Amount before restructuring | Principal exemption | Conversion to equity securities | Interest reduction | Extension of maturity |
|------------------------|------------------------------------|----------------------------|--|---------------------------|------------------------------|
| Court receivership | (Won) 6,600 | (Won) | (Won) | (Won) | (Won) 6,600 |
| Workout plan | 88,740 | | 12,691 | 2,784 | 73,265 |
| Debt restructuring (*) | 120 | | | | 120 |
| | (Won) 95,460 | (Won) | (Won) 12,691 | (Won) 2,784 | (Won) 79,985 |

The loans that were restructured by means of principal reduction, debt-equity swap, interest reduction because of workouts for the year ended December 31, 2006 were as follows (Unit: In millions):

| | Amount before restructuring | Principal exemption | Conversion to equity securities | Interest reduction | Extension |
|--|------------------------------------|----------------------------|--|---------------------------|------------------|
|--|------------------------------------|----------------------------|--|---------------------------|------------------|

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| Composition | (Won) 6,178 | (Won) | (Won) | (Won) | of maturity (Won) 6,178 |
|------------------------|---------------|-----------|-------------|--------------|----------------------------|
| Workout plan | 236,287 | 301 | 4,083 | 25,374 | 206,529 |
| Debt restructuring (*) | 894 | | | | 894 |
| | (Won) 243,359 | (Won) 301 | (Won) 4,083 | (Won) 25,374 | (Won) 213,601 |

(*) In accordance with the Bankruptcy and Debt Restructuring Act

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- (2) Changes in the present value discounts relating to the outstanding restructured loans for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| | Amount | Beginning balance | Present value discounts | | Ending balance |
|--------------------|---------------|-------------------|-------------------------|--------------|----------------|
| | | | Addition | Deduction | |
| Court receivership | (Won) 9,336 | (Won) 1,034 | (Won) 558 | (Won) 196 | (Won) 838 |
| Composition | 11,087 | 1,275 | 6,444 | 1,027 | 806 |
| Workout plan | 68,884 | 6,867 | 3 | 10,910 | 2,401 |
| Others | 21,930 | 2,837 | | 1,175 | 1,665 |
| | (Won) 111,237 | (Won) 12,013 | (Won) 7,005 | (Won) 13,308 | (Won) 5,710 |

Changes in the present value discounts relating to the outstanding restructured loans for the year ended December 31, 2006 were as follows (Unit: In millions):

| | Amount | Beginning balance | Present value discounts | | Ending balance |
|--------------------|---------------|-------------------|-------------------------|--------------|----------------|
| | | | Addition | Deduction | |
| Court receivership | (Won) 9,336 | (Won) 2,035 | (Won) 1,689 | (Won) 2,035 | (Won) 1,034 |
| Composition | 13,143 | 2,238 | 11,206 | 2,652 | 1,275 |
| Workout plan | 111,064 | 11,371 | | 15,710 | 6,867 |
| Others | 32,470 | 4,371 | | 1,534 | 2,837 |
| | (Won) 166,013 | (Won) 20,015 | (Won) 13,929 | (Won) 21,931 | (Won) 12,013 |

If the loans are restructured by means of reduction of interest rates, cash flows of fixed rate loans are discounted by effective interest rates originally agreed upon and cash flows of floating rate loans are discounted by interest rates determined by adding a credit risk premium, which is calculated at the restructuring date, assuming that debtors' credit at the origination date is effective to the restructuring date, to a benchmark interest rate. The difference between the book value and the present value is presented as an allowance for possible loan losses.

7. ALLOWANCE FOR POSSIBLE LOAN LOSSES:

- (1) The allowance for possible loan losses as of September 30, 2007 is summarized as follows (Unit: In millions):

| | Normal | Precautionary | Substandard | Doubtful | Estimated loss | Total |
|-----------------------------|-----------------|---------------|---------------|---------------|----------------|-----------------|
| Domestic import usance bill | (Won) 11,085 | (Won) 1,362 | (Won) 3,982 | (Won) 68 | (Won) 106 | (Won) 16,603 |
| Credit card receivables | 136,867 | 25,674 | 236 | 29,515 | 31,852 | 224,144 |
| Bills bought (*) | 9,591 | 335 | 90 | 336 | 1,405 | 11,757 |
| Loans | 1,252,118 | 148,639 | 114,677 | 266,266 | 177,639 | 1,959,339 |
| Factoring receivables | 1,713 | | | | | 1,713 |
| Advances for customers | 6 | 28 | 10,276 | 696 | 2,342 | 13,348 |
| Privately placed bonds | 52,531 | 545 | 545 | | 1,875 | 55,496 |
| Loans for debt-equity swap | | | | 1,968 | | 1,968 |
| | (Won) 1,463,911 | (Won) 176,583 | (Won) 129,806 | (Won) 298,849 | (Won) 215,219 | (Won) 2,284,368 |

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The allowance for possible loan losses as of December 31, 2006 is summarized as follows (Unit: In millions):

| | Normal | Precautionary | Substandard | Doubtful | Estimated loss | Total |
|-----------------------------|-----------------|---------------|---------------|---------------|----------------|-----------------|
| Domestic import usance bill | (Won) 8,470 | (Won) 1,653 | (Won) 12,677 | (Won) 2,977 | (Won) 1,089 | (Won) 26,866 |
| Credit card receivables | 129,619 | 32,263 | 130 | 42,736 | 39,537 | 244,285 |
| Bills bought (*) | 8,987 | 259 | 57 | 182 | 86 | 9,571 |
| Loans | 1,146,535 | 169,033 | 143,955 | 307,982 | 241,405 | 2,008,910 |
| Factoring receivables | 2,910 | | | | | 2,910 |
| Advances for customers | 1 | 36 | 4,096 | 1,124 | 7,982 | 13,239 |
| Privately placed bonds | 52,486 | | 161 | | 491 | 53,138 |
| Loans for debt-equity swap | | | | 1,948 | | 1,948 |
| | (Won) 1,349,008 | (Won) 203,244 | (Won) 161,076 | (Won) 356,949 | (Won) 290,590 | (Won) 2,360,867 |

(*) Bill bought in Won included

(2) The changes in allowance for possible loan losses for the nine months ended September 30, 2007 and the year ended December 31, 2006 were as follows (Unit: In millions):

| | 2007 | 2006 |
|---|-----------------|-----------------|
| Beginning balance (*1) | (Won) 2,463,079 | (Won) 2,500,777 |
| Provision for possible loan losses | 298,854 | 1,009,498 |
| Reclassification from other allowances (*2) | (174) | 304,954 |
| Collection of previously written-off loans | 373,329 | 474,278 |
| Repurchase of NPLs sold | 802 | 5,897 |
| Sales of loans | (47,869) | (115,222) |
| Loans written-off | (663,784) | (1,693,468) |
| Exemption of loans | (3,459) | (4,582) |
| Debt-equity swap | (11,037) | |
| Changes in exchange rates and others | (4,650) | (19,053) |
| Ending balance (*1) | (Won) 2,405,091 | (Won) 2,463,079 |

(*1) Allowance for possible loan losses includes present value discounts amounting to (Won)5,710 million and (Won)12,013 million as of September 30, 2007 and December 31, 2006, respectively, and allowances for other assets amounting to (Won)120,723 million and (Won)102,212 million, respectively.

(*2) Other allowances for credit lines to Kookmin Card 16th Securitization Specialty Co., Ltd. and FNSTAR 3rd Securitization Special Co., Ltd. amounting to (Won)159,888 million and (Won)145,066 million, respectively, were transferred to allowances for possible loan losses for the year ended December 31, 2006.

(3) The allowance for possible losses on other assets as of September 30, 2007 and December 31, 2006 is summarized as follows (Unit: In millions):

| | 2007 | 2006 |
|---------------------|-------------|-------------|
| Suspense receivable | (Won) 8,082 | (Won) 7,425 |

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| | | |
|---|---------------|---------------|
| Uncollected guarantee deposits for rent | 1,902 | 4,847 |
| Settlement costs for financial accident | 95,501 | 87,122 |
| Derivative instruments | 2,780 | 2,597 |
| Others | 12,458 | 221 |
| | (Won) 120,723 | (Won) 102,212 |

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(4) The allowance for possible loan losses compared to total loans, net of present value discount, is summarized as follows (Unit: In millions):

| | Loans | Allowance for possible loan losses | Percentage (%) |
|--------------------|-------------------|------------------------------------|----------------|
| September 30, 2007 | (Won) 166,168,467 | (Won) 2,284,368 | 1.37 |
| December 31, 2006 | 152,089,711 | 2,360,867 | 1.55 |
| December 31, 2005 | 138,139,657 | 2,453,275 | 1.78 |
| December 31, 2004 | 138,839,212 | 3,118,775 | 2.25 |

8. **TANGIBLE ASSETS:**

(1) Tangible assets as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|--------------------------------|-----------------|-----------------|
| Tangible assets | (Won) 3,996,827 | (Won) 3,855,268 |
| Less: accumulated depreciation | (1,751,978) | (1,702,001) |
| accumulated impairment loss | (13,741) | (15,535) |
| | (Won) 2,231,108 | (Won) 2,137,732 |

(2) Tangible assets as of September 30, 2007 consisted of (Unit: In millions):

| | Acquisition cost | Accumulated depreciation | Accumulated impairment losses | Book value |
|--------------------------|------------------|--------------------------|-------------------------------|-----------------|
| Land | (Won) 992,498 | (Won) | (Won) 5,597 | (Won) 986,901 |
| Buildings | 1,036,359 | 198,339 | 8,144 | 829,876 |
| Leasehold improvements | 267,345 | 203,365 | | 63,980 |
| Equipment and vehicles | 1,693,709 | 1,350,274 | | 343,435 |
| Construction in progress | 6,916 | | | 6,916 |
| | (Won) 3,996,827 | (Won) 1,751,978 | (Won) 13,741 | (Won) 2,231,108 |

Tangible assets as of December 31, 2006 consisted of (Unit: In millions):

| | Acquisition cost | Accumulated depreciation | Accumulated impairment losses | Book value |
|--------------------------|------------------|--------------------------|-------------------------------|-----------------|
| Land | (Won) 984,270 | (Won) | (Won) 7,115 | (Won) 977,155 |
| Buildings | 986,420 | 181,228 | 8,420 | 796,772 |
| Leasehold improvements | 233,156 | 177,676 | | 55,480 |
| Equipment and vehicles | 1,648,763 | 1,343,097 | | 305,666 |
| Construction in progress | 2,659 | | | 2,659 |
| | (Won) 3,855,268 | (Won) 1,702,001 | (Won) 15,535 | (Won) 2,137,732 |

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(3) The changes in book value of tangible assets for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| | Beginning | Acquisition | Replacement | Disposal | Depreciation | Impairment | Change in foreign currencies | Ending |
|--------------------------|-----------------|---------------|-------------|--------------|---------------|-------------|------------------------------|-----------------|
| Land | (Won) 977,155 | (Won) 15,421 | (Won) 1,663 | (Won) 7,345 | (Won) | (Won) | (Won) 7 | (Won) 986,901 |
| Buildings | 796,772 | 10,701 | 42,026 | 1,735 | 17,549 | (358) | 19 | 829,876 |
| Leasehold improvements | 55,480 | 230 | 39,204 | 273 | 30,667 | | 6 | 63,980 |
| Equipment and vehicles | 305,666 | 207,188 | | 1,014 | 168,437 | | 32 | 343,435 |
| Construction in progress | 2,659 | 87,150 | (82,893) | | | | | 6,916 |
| | (Won) 2,137,732 | (Won) 320,690 | (Won) | (Won) 10,367 | (Won) 216,653 | (Won) (358) | (Won) 64 | (Won) 2,231,108 |

The changes in book value of tangible assets for the year ended December 31, 2006 were as follows (Unit: In millions):

| | Beginning | Acquisition | Replacement | Disposal | Depreciation | Impairment | Change in foreign currencies | Ending |
|--------------------------|-----------------|---------------|-------------|--------------|---------------|---------------|------------------------------|-----------------|
| Land | (Won) 979,413 | (Won) 3,349 | (Won) 2,873 | (Won) 8,151 | (Won) | (Won) (290) | (Won) (39) | (Won) 977,155 |
| Buildings | 774,519 | 5,745 | 49,422 | 6,289 | 22,059 | (4,449) | (117) | 796,772 |
| Leasehold improvements | 44,363 | 113 | 45,504 | 142 | 34,337 | | (21) | 55,480 |
| Equipment and vehicles | 239,795 | 254,835 | | 22,915 | 165,986 | | (63) | 305,666 |
| Construction in progress | 155 | 100,303 | (97,799) | | | | | 2,659 |
| | (Won) 2,038,245 | (Won) 364,345 | (Won) | (Won) 37,497 | (Won) 222,382 | (Won) (4,739) | (Won) (240) | (Won) 2,137,732 |

(4) The published value of the land was (Won)1,406,110 million and (Won) 1,307,078 million as of September 30, 2007 and December 31, 2006, respectively, based on the Laws on Disclosure of Land Price and Valuation of Land.

(5) Tangible assets, which have been insured as of September 30, 2007 and December 31, 2006, were as follows (Unit: In millions):

| Type of insurance | Asset insured | 2007 | 2006 | Insurance company |
|--------------------|------------------------|-----------------|-----------------|-----------------------|
| Property composite | Buildings | (Won) 894,965 | (Won) 829,507 | Samsung Fire & Marine |
| | Leasehold improvements | 141,684 | 120,043 | Insurance Co., Ltd. & |
| | Equipment and vehicles | 308,168 | 196,152 | others |
| | | (Won) 1,344,817 | (Won) 1,145,702 | |

Table of Contents9. OTHER ASSETS:

(1) Other assets as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|--|-----------------|-----------------|
| Guarantee deposits paid | (Won) 1,273,916 | (Won) 1,166,454 |
| Accounts receivable | 3,506,590 | 2,145,266 |
| Accrued income | 1,349,004 | 1,166,963 |
| Prepaid expenses | 124,277 | 79,594 |
| Deferred income tax assets (Note 24) | 194,275 | 23,886 |
| Derivatives assets (Note 19) | 1,246,144 | 1,260,748 |
| Domestic exchange settlement debits | 270,858 | 962,250 |
| Intangible assets | 320,222 | 371,312 |
| Non-business use assets | | 499 |
| Less: valuation allowance | | (169) |
| Sundry assets | 187,069 | 176,190 |
| Less: Allowances for other assets losses | (120,723) | (102,212) |
| | (Won) 8,351,632 | (Won) 7,250,781 |

(2) Intangible assets as of September 30, 2007 consisted of (Unit: In millions):

| | Accumulated | | |
|----------|-------------------------|---------------------|-------------------|
| | Acquisition cost | amortization | Book value |
| Goodwill | (Won) 705,108 | (Won) 463,543 | (Won) 241,565 |
| Others | 149,645 | 70,988 | 78,657 |
| | (Won) 854,753 | (Won) 534,531 | (Won) 320,222 |

Intangible assets as of December 31, 2006 consisted of (Unit: In millions):

| | Accumulated | | |
|----------|-------------------------|---------------------|-------------------|
| | Acquisition cost | amortization | Book value |
| Goodwill | (Won) 705,108 | (Won) 404,784 | (Won) 300,324 |
| Others | 125,502 | 54,514 | 70,988 |
| | (Won) 830,610 | (Won) 459,298 | (Won) 371,312 |

(3) The changes in intangible assets for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| | Beginning | Increase | Amortization | Ending |
|----------|------------------|-----------------|---------------------|---------------|
| Goodwill | (Won) 300,324 | (Won) | (Won) 58,759 | (Won) 241,565 |
| Others | 70,988 | 35,295 | 27,626 | 78,657 |

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(Won) 371,312 (Won) 35,295 (Won) 86,385 (Won) 320,222

The changes in intangible assets for the year ended December 31, 2006 were as follows (Unit: In millions):

| | Beginning | Increase | Amortization | Ending |
|----------|------------------|-----------------|---------------------|---------------|
| Goodwill | (Won) 378,669 | (Won) | (Won) 78,345 | (Won) 300,324 |
| Others | 19,435 | 75,199 | 23,646 | 70,988 |
| | (Won) 398,104 | (Won) 75,199 | (Won) 101,991 | (Won) 371,312 |

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(4) Non-business use properties as of December 31, 2006 consisted of (Unit: In millions):

| | Acquisition | Valuation | |
|---------------------------|--------------------|------------------|-------------------|
| | cost | allowance | Book value |
| Non-business use land | (Won) 18 | (Won) 12 | (Won) 6 |
| Non-business use building | 481 | 157 | 324 |
| | (Won) 499 | (Won) 169 | (Won) 330 |

(5) Sundry assets as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|---|---------------|---------------|
| Receivables on cash sent to other banks | (Won) 410 | (Won) 410 |
| Supplies | 25,076 | 18,608 |
| Deposit money to court (*) | 14,746 | 14,883 |
| Unsettled foreign currency | 17,679 | 27,303 |
| Suspense receivable | 128,316 | 114,684 |
| Others | 1,252 | 302 |
| | (Won) 187,069 | (Won) 176,190 |

(*) Securities are included in deposit money to court of which book value, face value and fair value are (Won)10,220 million, (Won)10,587 million and (Won)12,695 million, respectively.

10. **DEPOSITS:**

(1) Deposits as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|-------------------------------------|-------------------|-------------------|
| Demand deposits | (Won) 46,564,153 | (Won) 50,113,689 |
| Time deposits | 69,360,446 | 70,326,526 |
| Negotiable certificates of deposits | 17,538,589 | 9,579,701 |
| | (Won) 133,463,188 | (Won) 130,019,916 |

(2) Details of deposits as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|-----------------------------|---------------|---------------|
| Demand deposits in Won: | | |
| Checking deposits | (Won) 132,347 | (Won) 231,953 |
| Household checking deposits | 383,170 | 477,770 |
| Temporary deposits | 3,296,661 | 4,066,769 |
| Passbook deposits | 14,824,978 | 15,176,852 |

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| | | |
|--|------------------|------------------|
| Public fund deposits | 362,960 | 199,948 |
| National Treasury deposits | 14,084 | 2,641 |
| General savings deposits | 18,137,849 | 20,826,726 |
| Corporate savings deposits | 8,410,527 | 8,302,353 |
| Nonresident s deposit in Won | 61,988 | 45,343 |
| | 45,624,564 | 49,330,355 |
| Demand deposits in foreign currencies: | | |
| Checking deposits | 48,040 | 43,875 |
| Passbook deposits | 885,653 | 736,034 |
| Temporary deposits | 1,400 | 2,378 |
| Other | 4,496 | 1,047 |
| | 939,589 | 783,334 |
| | (Won) 46,564,153 | (Won) 50,113,689 |

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| | 2007 | 2006 |
|---|------------------|------------------|
| Time deposits in Won | | |
| Time deposits | (Won) 57,110,122 | (Won) 57,138,595 |
| Installment savings deposits | 826,325 | 1,097,474 |
| Property formation savings | 495 | 541 |
| Workers' savings for housing | 2 | 2 |
| Time and savings deposits of non-residents in Won | 194,214 | 171,636 |
| Long-term savings deposits for workers | 3,557 | 4,334 |
| Long-term housing savings deposits | 3,423,567 | 3,057,236 |
| Long-term savings for households | 2,455 | 3,711 |
| Workers' preferential savings deposits | 294,516 | 530,867 |
| Mutual installment deposits | 3,329,720 | 3,833,573 |
| Mutual installment for housing | 3,195,318 | 3,842,727 |
| | 68,380,291 | 69,680,696 |
| Loss on valuation of fair value hedged item (current period portion) | (1,908) | 3,740 |
| Loss (gain) on valuation of fair value hedged item (prior year portion) | 1,607 | (2,133) |
| | 68,379,990 | 69,682,303 |
| Time deposits in foreign currencies: | | |
| Time deposits | 979,795 | 643,404 |
| Installment savings deposits | 518 | 620 |
| Others | 143 | 199 |
| | 980,456 | 644,223 |
| | (Won) 69,360,446 | (Won) 70,326,526 |
| Negotiable certificates of deposits | (Won) 17,538,589 | (Won) 9,579,701 |

(3) Deposits with financial institutions as of September 30, 2007 and December 31, 2006 were as follows (Unit: In millions):

| | Financial institutions | 2007 | 2006 |
|-------------------------------------|------------------------|------------------|------------------|
| Demand deposits & time deposits | Banks | (Won) 2,018,144 | (Won) 630,490 |
| | Others | 4,164,507 | 3,068,235 |
| | | 6,182,651 | 3,698,725 |
| Negotiable certificates of deposits | Banks | 104,655 | 3,935 |
| | Others | 5,902,662 | 6,304,672 |
| | | 6,007,317 | 6,308,607 |
| | | (Won) 12,189,968 | (Won) 10,007,332 |

(4) Term structure of deposits as of September 30, 2007 was as follows (Unit: In millions):

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| | Due in | Due after | Due after | Due after | | |
|---------------------------------------|--------------------|------------------|------------------|------------------|------------------|-------------------|
| | 3 months or | 3 months | 6 months | 1 year | More than | |
| | less | through 6 | through 1 | through 3 | 3 years | Total |
| | months | year | years | | | |
| Demand deposits | (Won) 46,564,153 | (Won) | (Won) | (Won) | (Won) | (Won) 46,564,153 |
| Time deposits | 26,818,638 | 11,174,095 | 22,549,924 | 5,294,499 | 3,523,290 | 69,360,446 |
| Negotiable certificate of deposits | 9,327,360 | 3,707,501 | 4,180,207 | 323,521 | | 17,538,589 |
| | (Won) 82,710,151 | (Won) 14,881,596 | (Won) 26,730,131 | (Won) 5,618,020 | (Won) 3,523,290 | (Won) 133,463,188 |

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Term structure of deposits as of December 31, 2006 was as follows (Unit: In millions):

| | Due in | Due after | Due after | Due after | | |
|------------------------------------|--------------------|------------------|------------------|------------------|------------------|-------------------|
| | 3 months or | 3 months | 6 months | 1 year | 1 year | |
| | less | through 6 | through | through | More than | |
| | 3 months or | months | 1 year | 3 years | 3 years | Total |
| Demand deposits | (Won) 50,113,689 | (Won) | (Won) | (Won) | (Won) | (Won) 50,113,689 |
| Time deposits | 23,902,305 | 9,177,733 | 27,069,659 | 6,958,151 | 3,218,678 | 70,326,526 |
| Negotiable certificate of deposits | 5,996,076 | 2,526,968 | 1,056,503 | 154 | | 9,579,701 |
| | (Won) 80,012,070 | (Won) 11,704,701 | (Won) 28,126,162 | (Won) 6,958,305 | (Won) 3,218,678 | (Won) 130,019,916 |

11. **BORROWINGS:**

(1) Borrowings as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|--|------------------|------------------|
| Call money | (Won) 1,149,868 | (Won) 165,086 |
| Bills sold | 305,582 | 462,479 |
| Bonds sold under repurchase agreements | 6,900,261 | 7,053,755 |
| Borrowings | 7,283,665 | 6,378,858 |
| Debentures | 33,138,434 | 25,140,672 |
| Less: Discount on debentures | (76,255) | (158,166) |
| | (Won) 48,701,555 | (Won) 39,042,684 |

(2) Call money as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| Account | Lender | Annual interest rates (%) | 2007 | 2006 |
|----------------------------------|--------------------------|----------------------------------|-----------------|---------------|
| | | | | |
| Call money in Won | Shinhan BNP Paribas | 4.65 ~ 4.94 | (Won) 554,500 | (Won) 117,700 |
| | Investment Trust | | | |
| | Management | | | |
| Call money in foreign currencies | Bank Mellat Seoul Branch | 0.60 ~ 8.65 | 595,368 | 47,386 |
| | and others | | | |
| | | | (Won) 1,149,868 | (Won) 165,086 |

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- (3) Bills sold and bonds sold under repurchase agreements as of September 30, 2007 and December 31, 2006 consisted of the following (Unit: In millions):

| Account | Lender | Annual interest rates (%) | 2007 | 2006 |
|--|---------------------------------|---------------------------------|-----------------|-----------------|
| | | | (Won) | (Won) |
| Bills sold | Teller s Sales | 3.09 ~ 5.76 | 305,582 | 462,479 |
| Bonds sold under repurchase agreements | Person, group & corporations | 3.90 ~ 5.92 | 6,900,261 | 7,053,755 |
| | | | (Won) 7,205,843 | (Won) 7,516,234 |

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(4) Borrowings as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| Account | Lender | Annual interest | | |
|--|--|-----------------|-----------------|-----------------|
| | | rate (%) | 2007 | 2006 |
| Borrowings in Won: | | | | |
| Borrowings from the BOK | BOK | 3.25 | (Won) 437,237 | (Won) 681,965 |
| Borrowings from the Korean government | Ministry of Finance and Economy, and others | 0.00 ~ 6.50 | 634,873 | 557,789 |
| Borrowings from banking institutions | Industrial Bank of Korea | 3.75 ~ 4.42 | 60,421 | 76,646 |
| Borrowings from National Housing Fund | National Housing Fund | 8.00 | 744 | 1,222 |
| Borrowings from non-banking financial institutions | Korea Development Bank | 2.00 ~ 4.07 | 16,299 | 4,380 |
| Other borrowings | Small Business Corporation and others | 1.20 ~ 5.40 | 1,286,119 | 1,180,477 |
| | | | 2,435,693 | 2,502,479 |
| Borrowings in foreign currency: | | | | |
| Due to Banks | Wachovia Bank, N.A | 0.00 ~ 5.35 | 82,606 | 56,320 |
| | New York and others | | | |
| Borrowings from banking institutions | DBS Bank Ltd., | 0.92 ~ 6.97 | 3,462,687 | 2,807,267 |
| | Singapore and others | | | |
| Off-shore borrowings in foreign currencies | China Trust Commercial Bank and others | 5.22 ~ 6.71 | 251,285 | 152,308 |
| Other borrowings from banking institutions | IBRD | 5.89 | 4,046 | 6,845 |
| Other borrowings in foreign currencies | Financial institution and others | | 1,047,348 | 853,639 |
| | | | 4,847,972 | 3,876,379 |
| | | | (Won) 7,283,665 | (Won) 6,378,858 |

(5) Debentures as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| Debentures in Won: | Annual interest | | |
|--------------------|-----------------|------|------|
| | rate (%) | 2007 | 2006 |
| | | | |

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| | | | | | |
|---|--------------|-------|------------|-------|------------|
| Hybrid debentures | 6.00 ~ 7.00 | (Won) | 903,668 | (Won) | 903,668 |
| Structured debentures | 1.30 ~ 9.20 | | 3,116,105 | | 1,587,701 |
| Subordinated fixed rate debentures in Won | 4.19 ~ 15.02 | | 6,352,491 | | 6,670,799 |
| KCC subordinated fixed rate debentures | 7.10 ~ 8.00 | | 205,000 | | 205,000 |
| KCC fixed rate debentures | 5.54 ~ 5.87 | | 200,000 | | 200,000 |
| Fixed rate debentures | 3.18 ~ 5.19 | | 19,412,373 | | 13,198,004 |
| | | | 30,189,637 | | 22,765,172 |
| Gain on valuation of fair value hedged items (current period portion) | | | (135,990) | | (14,544) |
| Gain on valuation of fair value hedged items (prior year portion)(*) | | | (51,903) | | (40,790) |
| | | | 30,001,744 | | 22,709,838 |
| Discounts on debentures | | | (74,807) | | (158,575) |
| | | | 29,926,937 | | 22,551,263 |

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| | Annual interest rate (%) | 2007 | 2006 |
|---|-----------------------------|------------------|------------------|
| Debtures in foreign currency: | | | |
| Floating rates debentures | 0.97 ~ 6.10 | (Won) 2,678,354 | (Won) 1,964,851 |
| Fixed rates debentures | 4.63 | 460,350 | 475,099 |
| | | 3,138,704 | 2,439,950 |
| Loss on valuation of fair value hedged items (current period portion) | | 7,102 | 6,493 |
| Gain on valuation of fair value hedged items (prior year portion) | | (9,116) | (15,609) |
| | | 3,136,690 | 2,430,834 |
| Premiums on debentures | | 337 | 1,771 |
| Discounts on debentures | | (1,785) | (1,362) |
| | | 3,135,242 | 2,431,243 |
| | | (Won) 33,062,179 | (Won) 24,982,506 |

(*) The Bank recognized (Won)3,431 million of gain on prior redemption of fair value hedged items for the nine months ended September 30, 2007.

(6) Hybrid debentures and subordinated debentures as of September 30, 2007 and December 31, 2006 were as follows (Unit: In millions):

| | Issued date | Expiration date | Annual interest rate (%) | 2007 | 2006 |
|--|-----------------|-----------------|-----------------------------|-------------|---------------|
| Subordinated fixed rate debentures in Won | Feb-98 ~ Aug-01 | Feb-03 ~ Aug-07 | | (Won) 9,093 | (Won) 313,401 |
| | Nov-98 | Nov-09 | 15.02 | 62,900 | 76,900 |
| | Nov-00 | Nov-10 ~ Dec-10 | 9.57 ~ 9.65 | 162,051 | 162,051 |
| | Jun-01 | Mar-08 ~ Mar-09 | 7.68 ~ 7.86 | 377,529 | 377,529 |
| | Sep-01 | Mar-08 | 6.69 ~ 6.73 | 150,000 | 150,000 |
| | Mar-02 | Jan-08 | 7.06 ~ 7.10 | 241,684 | 241,684 |
| | Jul-02 | Jan-08 | 6.96 ~ 7.00 | 302,399 | 302,399 |
| | Sep-02 | Mar-08 ~ Mar-13 | 6.27 ~ 6.70 | 500,000 | 500,000 |
| | Nov-02 | Jun-08 ~ May-13 | 6.07 ~ 6.55 | 558,775 | 558,775 |
| | Dec-02 | Jan-08 | 8.00 | 110,000 | 110,000 |
| | Dec-02 | Jun-08 ~ Dec-14 | 6.20 ~ 6.65 | 180,370 | 180,370 |
| | Jan-03 | Feb-08 | 7.65 | 50,000 | 50,000 |
| | Mar-03 | Apr-08 | 7.10 | 45,000 | 45,000 |
| | Oct-03 | Jan-09 ~ Jan-14 | 5.18 ~ 5.60 | 449,051 | 449,051 |
| | Feb-04 | Aug-09 ~ Aug-14 | 5.65 ~ 6.16 | 700,000 | 700,000 |
| | Sep-04 | Dec-18 | 5.12 | 57,784 | 57,784 |
| | Dec-04 | Jun-10 | 4.19 ~ 4.20 | 700,000 | 700,000 |
| | Mar-06 | Jan-12 | 5.67 ~ 5.70 | 1,900,855 | 1,900,855 |
| | | | | 6,557,491 | 6,875,799 |
| Hybrid debentures | Jun-03 | Jun-33 | 6.00 | 105,145 | 105,145 |
| | Aug-03 | Aug-33 | 7.00 | 533,355 | 533,355 |
| | Oct-03 | Oct-33 | 6.80 | 265,168 | 265,168 |
| | | | | 903,668 | 903,668 |

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(Won) 7,461,159 (Won) 7,779,467

(7) Call money and borrowings with financial institutions as of September 30, 2007 were as follows (Unit: In millions):

| | BOK | Other banks | Others | Total |
|------------|---------------|--------------------|---------------|-----------------|
| Call money | (Won) | (Won) 667,868 | (Won) 482,000 | (Won) 1,149,868 |
| Borrowings | 437,237 | 4,848,576 | 76,116 | 5,361,929 |
| | (Won) 437,237 | (Won) 5,516,444 | (Won) 558,116 | (Won) 6,511,797 |

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Call money and borrowings with financial institutions as of December 31, 2006 were as follows (Unit: In millions):

| | BOK | Other banks | Others | Total |
|------------|---------------|--------------------|---------------|-----------------|
| Call money | (Won) 681,965 | (Won) 57,386 | (Won) 107,700 | (Won) 165,086 |
| Borrowings | 681,965 | 3,899,270 | 58,135 | 4,639,370 |
| | (Won) 681,965 | (Won) 3,956,656 | (Won) 165,835 | (Won) 4,804,456 |

(8) Term structure of borrowings as of September 30, 2007 was as follows (Unit: In millions):

| | Due in | Due after | Due after | Due after | More than | Total |
|--|--------------------|------------------|------------------|-----------------------|------------------|------------------|
| | 3 months or | 3 months | 6 months | 1 year through | 3 years | |
| | less | 6 months | 1 year | 3 years | 3 years | |
| Call money | (Won) 1,149,868 | (Won) 86,083 | (Won) 65,090 | (Won) 1,240,668 | (Won) 993,968 | (Won) 1,149,868 |
| Bills sold | 154,409 | 86,083 | 65,090 | | | 305,582 |
| Bonds sold under repurchase agreements | 3,922,821 | 1,509,091 | 1,468,349 | | | 6,900,261 |
| Borrowings | 2,427,410 | 1,120,794 | 1,500,825 | 1,240,668 | 993,968 | 7,283,665 |
| Debentures | 2,864,690 | 5,185,180 | 5,420,645 | 12,249,321 | 7,418,598 | 33,138,434 |
| | (Won) 10,519,198 | (Won) 7,901,148 | (Won) 8,454,909 | (Won) 13,489,989 | (Won) 8,412,566 | (Won) 48,777,810 |

Term structure of borrowings as of December 31, 2006 was as follows (Unit: In millions):

| | Due in | Due after | Due after | Due after | More than | Total |
|--|--------------------|------------------|------------------|-----------------------|------------------|------------------|
| | 3 months or | 3 months | 6 months | 1 year through | 3 years | |
| | less | 6 months | 1 year | 3 years | 3 years | |
| Call money | (Won) 165,086 | (Won) 63,269 | (Won) 88,023 | (Won) 210 | (Won) 870,754 | (Won) 165,086 |
| Bills sold | 311,187 | 63,269 | 88,023 | | | 462,479 |
| Bonds sold under repurchase agreements | 4,589,657 | 1,250,944 | 1,212,944 | 210 | | 7,053,755 |
| Borrowings | 2,155,505 | 1,432,150 | 694,982 | 1,225,467 | 870,754 | 6,378,858 |
| Debentures | 2,246,140 | 1,169,430 | 6,309,297 | 8,729,425 | 6,686,380 | 25,140,672 |
| | (Won) 9,467,575 | (Won) 3,915,793 | (Won) 8,305,246 | (Won) 9,955,102 | (Won) 7,557,134 | (Won) 39,200,850 |

12. OTHER LIABILITIES:

Other liabilities as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

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| | 2007 | 2006 |
|---|------------------|------------------|
| Accounts payable | (Won) 4,025,076 | (Won) 2,357,841 |
| Accrued expenses | 4,590,467 | 3,876,420 |
| Unearned revenues | 101,311 | 87,556 |
| Withholding taxes | 63,610 | 114,630 |
| Guarantees deposits received | 97,904 | 99,325 |
| Accounts for agency business | 350,063 | 151,479 |
| Domestic exchange settlement credits | 915,389 | 141,042 |
| Foreign currency bills payable | 173,750 | 54,515 |
| Agency | 178,198 | 171,024 |
| Derivatives liabilities (Note 19) | 1,296,767 | 1,148,033 |
| Due to trust accounts (Note 27) | 1,570,062 | 1,281,185 |
| Accrued severance benefits (Note 13) | 640,545 | 536,347 |
| Less: Severance insurance deposits | (341,283) | (334,979) |
| Allowance for possible losses on acceptances and guarantees (Note 14) | 28,836 | 18,772 |
| Other allowances (Note 15) | 706,819 | 776,661 |
| Sundry liabilities (Note 16) | 915,975 | 609,073 |
| | (Won) 15,313,489 | (Won) 11,088,924 |

Table of Contents13. ACCRUED SEVERANCE BENEFITS:

The changes in accrued severance benefits for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| | Beginning | Provision | Payment | Other changes (*) | Ending |
|------------------------------|------------------|------------------|----------------|--------------------------|---------------|
| Accrued severance benefits | (Won) 536,347 | (Won) 123,996 | (Won) 19,801 | (Won) (3) | (Won) 640,545 |
| Severance insurance deposits | (334,979) | (10,568) | (4,264) | | (341,283) |
| | (Won) 201,368 | (Won) 113,428 | (Won) 15,537 | (Won) (3) | (Won) 299,262 |

The changes in accrued severance benefits for the year ended December 31, 2006 were as follows (Unit: In millions):

| | Beginning | Provision | Payment | Other changes (*) | Ending |
|------------------------------|------------------|------------------|----------------|--------------------------|---------------|
| Accrued severance benefits | (Won) 387,491 | (Won) 165,533 | (Won) 16,664 | (Won) (13) | (Won) 536,347 |
| Severance insurance deposits | (236,529) | (100,218) | (1,768) | | (334,979) |
| | (Won) 150,962 | (Won) 65,315 | (Won) 14,896 | (Won) (13) | (Won) 201,368 |

(*) Loss (gain) on foreign currency translation of the accrued severance benefit of the Tokyo branch office.

As of September 30, 2007, part of severance benefits was contributed to pension funds of Kyobo Life Insurance Co., Ltd. and others in which the beneficiary is a respective employee.

14. ACCEPTANCES AND GUARANTEES AND ALLOWANCES FOR POSSIBLE LOSSES:

(1) Acceptances and guarantees as of September 30, 2007 and December 31, 2006 were as follows (Unit: In millions):

| Types | 2007 | 2006 |
|--|-------------|-------------|
| Confirmed acceptances and guarantees in Won: | | |
| Payment guarantee for issuance of debentures | (Won) 1,347 | (Won) 1,150 |
| Payment guarantee for loans | 61,059 | 53,237 |
| Others | 2,028,890 | 894,893 |
| | 2,091,296 | 949,280 |
| Confirmed acceptances and guarantees in foreign currencies: | | |
| Acceptances on letters of credit | 103,772 | 93,017 |
| Acceptances for letters of guarantee for importers | 56,037 | 56,089 |
| Guarantees for performance of contracts | 136,720 | 76,385 |
| Guarantees for bids | 2,524 | 4,082 |
| Guarantees for borrowings | 36,888 | 36,128 |
| Guarantees for repayment of advances | 1,559,080 | 1,101,403 |
| Others | 762,525 | 387,923 |
| | 2,657,546 | 1,755,027 |

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| | | |
|---|-----------------|-----------------|
| | 4,748,842 | 2,704,307 |
| Unconfirmed acceptances and guarantees: | | |
| Letters of credit | 1,911,743 | 1,266,858 |
| Others | 1,218,170 | 1,037,576 |
| | 3,129,913 | 2,304,434 |
| Bills endorsed | 863 | 4,540 |
| | (Won) 7,879,618 | (Won) 5,013,281 |

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(2) Acceptances and guarantees, by customer, as of September 30, 2007 were as follows (Unit: In millions):

| By customer | Confirmed | Unconfirmed | Bills endorsed | Total | Percentage (%) |
|-------------------------------|------------------|--------------------|-----------------------|-----------------|-----------------------|
| Large corporations | (Won) 3,548,712 | (Won) 1,877,778 | (Won) 647 | (Won) 5,427,137 | 68.88 |
| Small and medium corporations | 1,107,958 | 1,215,520 | 216 | 2,323,694 | 29.49 |
| Public sector and others | 92,172 | 36,615 | | 128,787 | 1.63 |
| | (Won) 4,748,842 | (Won) 3,129,913 | (Won) 863 | (Won) 7,879,618 | 100.00 |

Acceptances and guarantees, by customer, as of December 31, 2006 were as follows (Unit: In millions):

| By customer | Confirmed | Unconfirmed | Bills endorsed | Total | Percentage (%) |
|-------------------------------|------------------|--------------------|-----------------------|-----------------|-----------------------|
| Large corporations | (Won) 1,841,739 | (Won) 1,586,005 | (Won) 1,213 | (Won) 3,428,957 | 68.40 |
| Small and medium corporations | 522,820 | 676,432 | 3,247 | 1,202,499 | 23.99 |
| Public sector and others | 339,748 | 41,997 | 80 | 381,825 | 7.61 |
| | (Won) 2,704,307 | (Won) 2,304,434 | (Won) 4,540 | (Won) 5,013,281 | 100.00 |

(3) Acceptances and guarantees, by industry, as of September 30, 2007 were as follows (Unit: In millions):

| By industry | Confirmed | Unconfirmed | Bills endorsed | Total | Percentage (%) |
|--------------------|------------------|--------------------|-----------------------|-----------------|-----------------------|
| Public sector | (Won) 328 | (Won) 103,229 | (Won) | (Won) 103,557 | 1.31 |
| Finance | 720,108 | 16,656 | | 736,764 | 9.35 |
| Service | 627,110 | 39,848 | | 666,958 | 8.46 |
| Manufacturing | 2,357,821 | 2,479,880 | 826 | 4,838,527 | 61.41 |
| Others | 1,043,475 | 490,300 | 37 | 1,533,812 | 19.47 |
| | (Won) 4,748,842 | (Won) 3,129,913 | (Won) 863 | (Won) 7,879,618 | 100.00 |

Acceptances and guarantees, by industry, as of December 31, 2006 were as follows (Unit: In millions):

| By industry | Confirmed | Unconfirmed | Bills endorsed | Total | Percentage (%) |
|--------------------|------------------|--------------------|-----------------------|-----------------|-----------------------|
| Public sector | (Won) 68 | (Won) 78,563 | (Won) | (Won) 78,631 | 1.57 |
| Finance | 343,714 | | | 343,714 | 6.86 |
| Service | 393,552 | 39,330 | | 432,882 | 8.63 |
| Manufacturing | 1,593,449 | 1,723,450 | 2,623 | 3,319,522 | 66.21 |
| Others | 373,524 | 463,091 | 1,917 | 838,532 | 16.73 |
| | (Won) 2,704,307 | (Won) 2,304,434 | (Won) 4,540 | (Won) 5,013,281 | 100.00 |

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(4) Acceptances and guarantees, by country, as of September 30, 2007 were as follows (Unit: In millions):

| By country | Confirmed | Unconfirmed | Bills endorsed | Total | Percentage(%) |
|------------|-----------------|-----------------|----------------|-----------------|---------------|
| Korea | (Won) 4,219,227 | (Won) 3,129,913 | (Won) 863 | (Won) 7,350,003 | 93.28 |
| Others | 529,615 | | | 529,615 | 6.72 |
| | (Won) 4,748,842 | (Won) 3,129,913 | (Won) 863 | (Won) 7,879,618 | 100.00 |

Acceptances and guarantees, by country, as of December 31, 2006 were as follows (Unit: In millions):

| By country | Confirmed | Unconfirmed | Bills endorsed | Total | Percentage(%) |
|------------|-----------------|-----------------|----------------|-----------------|---------------|
| Korea | (Won) 2,453,216 | (Won) 2,304,434 | (Won) 4,540 | (Won) 4,762,190 | 94.99 |
| Others | 251,091 | | | 251,091 | 5.01 |
| | (Won) 2,704,307 | (Won) 2,304,434 | (Won) 4,540 | (Won) 5,013,281 | 100.00 |

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(5) Allowance for possible losses on acceptances and guarantees and others as of September 30, 2007 was as follows (Unit: In millions):

| | Confirmed acceptances and guarantees | | Unconfirmed acceptances and guarantees | Bills endorsed | Total |
|-------------------------------|---|-----------------------|---|-------------------|-----------|
| | Won | Foreign currencies | | | |
| | Normal | (Won) 2,085,512 | | | |
| Precautionary | 4,044 | 4,062 | 6,311 | | 14,417 |
| Substandard | 1,123 | 112 | 3,125 | | 4,360 |
| Doubtful | 616 | | 166 | | 782 |
| Estimated loss | 1 | 1,123 | 194 | | 1,318 |
| | 2,091,296 | 2,657,546 | 3,129,913 | 863 | 7,879,618 |
| Allowance for possible losses | 11,757 | 9,939 | 7,134 | 6 | 28,836 |
| Ratio (%) | 0.56 | 0.37 | 0.23 | 0.70 | 0.37 |

Allowance for possible losses on acceptances and guarantees and others as of December 31, 2006 were as follows (Unit: In millions):

| | Confirmed acceptances and guarantees | | Unconfirmed acceptances and guarantees | Bills endorsed | Total |
|-------------------------------|---|-----------------------|---|-------------------|--------------|
| | Won | Foreign currencies | | | |
| | Normal | (Won) 946,453 | | | |
| Precautionary | 2,446 | 3,186 | 7,490 | | 13,122 |
| Substandard | 30 | 5,586 | 7,244 | 40 | 12,900 |
| Doubtful | 350 | | 434 | 205 | 989 |
| Estimated loss | 1 | 15 | 5,963 | | 5,979 |
| | 949,280 | 1,755,027 | 2,304,434 | 4,540 | 5,013,281 |
| Allowance for possible losses | (Won) 3,650 | (Won) 7,613 | (Won) 7,268 | (Won) 241 | (Won) 18,772 |
| Ratio (%) | 0.38 | 0.43 | 0.32 | 5.31 | 0.37 |

(6) The percentage of allowance for possible losses on acceptances and guarantees and others as of September 30, 2007 and December 31, 2006, 2005 and 2004 was as follows (Unit: In millions):

| | Guarantees and acceptances and others | | Allowance | Percentage (%) |
|------------------------|--|--------------|-----------|-------------------|
| | (Won) | (Won) | | |
| September 30, 2007 (*) | (Won) 7,879,618 | (Won) 28,836 | | 0.37 |
| December 31, 2006 (*) | | | 18,772 | 0.37 |
| December 31, 2005 (*) | | | 10,141 | 0.27 |
| December 31, 2004 | | | 1,150 | 0.12 |

(*) Pursuant to the amended Supervisory Regulation of Banking Business, the Bank has extended the scope of allowance for possible losses since 2005. Furthermore, the minimum rate of loss provision increased for confirmed acceptances and guarantees and others classified as normal and precautionary as of December 31, 2006.

Table of Contents**15. OTHER ALLOWANCES:**

Other allowances as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|-------------------------------------|---------------|---------------|
| Mileage rewards | (Won) 98,916 | (Won) 89,025 |
| KAMCO loans sold (Note 19) | | 252 |
| Credit commitments to SPC (Note 19) | 3,776 | 3,602 |
| Dormant accounts | 26,049 | 27,689 |
| Unused credit limit | 528,821 | 566,655 |
| Others | 49,257 | 89,438 |
| | (Won) 706,819 | (Won) 776,661 |

The unused credit limit for other allowances amounts to (Won)75,807,240 million and (Won)76,832,125 million as of September 30, 2007 and December 31, 2006, respectively.

16. SUNDRY LIABILITIES:

Sundry liabilities as of September 30, 2007 and December 31, 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|---|---------------|---------------|
| Suspense payable | (Won) 40,749 | (Won) 190,575 |
| Borrowings for others business | 104,969 | 94,769 |
| Prepaid card and debit card liabilities | 18,932 | 20,947 |
| Subscription deposits | 41,083 | 71,665 |
| Income tax payable | 709,166 | 230,184 |
| Others | 1,076 | 933 |
| | (Won) 915,975 | (Won) 609,073 |

17. SHAREHOLDERS EQUITY:**(1) Capital stock**

As of September 30, 2007 and December 31, 2006, the Bank has 1 billion common shares authorized with a par value per share of (Won)5,000 and 336,379,116 shares ((Won)1,681,896 million) issued. The Bank's major shareholders were Euro-Pacific Growth Fund (18,377,910 shares, 5.46 percent) and ING Bank N.V. Amsterdam (13,699,001 shares, 4.07 percent) as of September 30, 2007.

As a result of the legal consolidation with H&CB, the registered shareholders of both the Bank and H&CB, as of October 31, 2001, received 179,775,233 shares and 119,922,229 shares, respectively. The new shares were distributed based on an exchange ratio of one new Bank share each for 1.688346 old Bank shares and one new Bank share for one H&CB share. The new shares were listed on the Korea Stock Exchange on November 9, 2001. Furthermore, as a result of the merger with Kookmin Credit Co., Ltd., the Bank issued 8,120,431 shares.

Under the General Banking Act, if a single entity, other than the government or a foreign investor, owns more than 4 percent of total outstanding voting shares, that entity's voting rights are limited to 4 percent shareholding.

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(2) Capital surplus

The capital surplus as of September 30, 2007 and December 31, 2006 were as follows (Unit: In millions):

| | 2007 | 2006 |
|--|------------------------|------------------------|
| Paid-in-capital in excess of par value | (Won) 5,655,840 | (Won) 5,655,840 |
| Gain on business combination | 397,669 | 397,669 |
| Revaluation increment | 177,229 | 177,229 |
| Gain on disposal of treasury stock | 27,559 | 27,559 |
| | (Won) 6,258,297 | (Won) 6,258,297 |

The gain on business combination was due to the difference between the business combination consideration and the net asset value acquired from the merger with KLB on December 31, 1998.

(3) Retained earnings

- 1) The detailed summary of the appropriations of retained earnings as a result of the resolution at the general shareholders meeting on March 23, 2007 is as follows (Unit: In millions):

| | 2006 |
|--|------------------|
| Retained earnings before appropriations: | |
| Retained earnings carried forward from prior years | (Won) 59 |
| Effect on valuation of securities using the equity method | (1,582) |
| Net income | 2,472,111 |
| | 2,470,588 |
| Appropriations: | |
| Legal reserve | 247,300 |
| Other reserve | 509 |
| Voluntary reserve | 994,900 |
| Dividend | 1,227,784 |
| | 2,470,493 |
| Unappropriated retained earnings to be carried forward to subsequent years | (Won) 95 |

2) Legal reserve

The Korean Banking Law Act 40 requires banks to appropriate at least 10 percent of net income to legal reserve until such reserve equals 100 percent of its paid-in capital. This reserve is not available for cash dividends and can only be transferred to capital or can be used to reduce deficit. The Tokyo branch appropriate 10 percent at most of net income after income tax to legal reserve in accordance with the Japanese Banking Law.

3) Voluntary reserve

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In 2002, the Finance Supervisory Service recommended banks to appropriate at least 10 percent of net income after deducting loss carried forward to reserve for financial structure improvement until simple capital ratio equals 5.5 percent. This reserve can only be used to reduce deficit or be transferred to capital.

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(4) Accumulated other comprehensive income

The changes in accumulated other comprehensive income (loss) for the nine months ended September 30, 2007 and for the year ended December 31, 2006 are as follows (Unit: In millions):

| | 2007 | | | |
|--|----------------------|---------------|----------------------------|-------------------|
| | Beginning balance | Changes | Disposal or realization | Ending balance |
| Gain on valuation of available-for-sale securities | (Won) 883,556 | (Won) 103,750 | (Won) (536,955) | (Won) 450,351 |
| Gain on valuation of held-to-maturity securities | 98 | | (53) | 45 |
| Change due to the equity method | 15,888 | (13,794) | (1,161) | 933 |
| | (Won) 899,542 | (Won) 89,956 | (Won) (538,169) | (Won) 451,329 |

| | 2006 | | | |
|--|----------------------|---------------|----------------------------|-------------------|
| | Beginning balance | Changes | Disposal or realization | Ending balance |
| Gain on valuation of available-for-sale securities | (Won) 511,368 | (Won) 477,839 | (Won) (105,651) | (Won) 883,556 |
| Gain on valuation of held-to-maturity securities | 426 | | (328) | 98 |
| Change due to the equity method | 948 | 15,522 | (582) | 15,888 |
| | (Won) 512,742 | (Won) 493,361 | (Won) (106,561) | (Won) 899,542 |

18. SHARE-BASED PAYMENT:

- (1) The Bank granted stock options to employees and executives including the president several times. When the stock options are exercised, the Bank has the option to settle either through issuance of new shares or treasury stock, or through payment of cash equivalent to the difference between the market price and the exercise price. In accordance with the resolution of the Board of Directors on August 23, 2005, the Bank has changed the settlement method from issuance of treasury stock to payment of cash equivalent to the difference between the market price and the exercise price only after the remaining treasury stock is issued. Accordingly, the compensation cost of stock options granted before and after the effective date of SKAS No. 22 (Share-based Payment) was measured using the intrinsic value method in accordance with the Interpretations on Financial Accounting Standards 39-35 Accounting for Stock Options, and the fair value method, respectively. The details of the stock options as of September 30, 2007 were as follows:

| | Grant date | Exercise period (years) | Granted shares | Grant conditions |
|-------------------|------------|----------------------------|-------------------|--------------------------------|
| Series 2 | 01.03.15 | 8 | 214,975 | Offer service: 1 year |
| Series 6 | 01.03.24 | 6 | 111,000 | Offer service: 3 years |
| Series 7 | 01.11.16 | 8 | 850,000 | Offer service: 3 years |
| Series 8-1 (*2) | 02.03.22 | 8 | 132,000 | Offer service: 1 year, 3 years |
| Series 8-2 (*3) | 02.03.22 | 8 | 490,000 | Offer service: 1 year, 3 years |
| Series 9 (*3) | 02.07.26 | 8 | 30,000 | Offer service: 3 years |
| Series 10-1 (*2) | 03.03.21 | 8 | 140,000 | Offer service: 3 years |
| Series 10-2 (*3) | 03.03.21 | 8 | 180,000 | Offer service: 3 years |
| Series 11 (*3) | 03.08.27 | 8 | 30,000 | Offer service: 3 years |
| Series 12 (*3) | 04.02.09 | 8 | 85,000 | Offer service: 1 year |
| Series 13-1 (*2) | 04.03.23 | 8 | 20,000 | Offer service: 1 year |
| Series 13-2(*3) | 04.03.23 | 8 | 10,000 | Offer service: 1 year |
| Series 14 (*2,*3) | 04.11.01 | 8 | 700,000 | Offer service: 3 years |

Targets to achieve (*5)

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| | | | | |
|------------------|----------|---|---------|------------------------|
| Series 15-1 (*2) | 05.03.18 | 8 | 165,000 | Offer service: 3 years |
|------------------|----------|---|---------|------------------------|

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| | Grant date | Exercise period (years) | Granted shares | Grant conditions |
|---------------------------------------|------------|-------------------------|----------------|---|
| Series 15-2 (*3) | 05.03.18 | 8 | 765,000 | Offer service: 3 years |
| Series 16 (*3) | 05.04.27 | 8 | 15,000 | Offer service: 3 years |
| Series 17 (*3) | 05.07.22 | 8 | 30,000 | Offer service: 3 years |
| Series 18 (*3) | 05.08.23 | 8 | 15,000 | Offer service: 3 years |
| Series 19 (*1) | 06.03.24 | 8 | 940,000 | Offer service: 1 year, 2 years, 3 years |
| Series 20 (*1) | 06.04.28 | 8 | 30,000 | Offer service: 3 years |
| Series 21 (*1) | 06.10.27 | 8 | 20,000 | Offer service: 2 years |
| Series 22 (*1) | 07.02.08 | 8 | 885,000 | Offer service: 1 year, 3 years |
| Series 23 (*1) | 07.03.23 | 8 | 30,000 | Offer service: 3 years |
| Series Kookmin Credit Card -1 (*4) | 01.03.22 | 10 | 22,146 | Offer service: 1 year |
| Series Kookmin Credit Card -2 (*2,*4) | 02.03.29 | 9 | 9,990 | Offer service: 2 years |
| | | | 5,920,111 | |

- (*1) The exercise price is adjusted by the rate of increase in the market value of the major competitors' stock as of balance sheet dates.
- (*2) The exercise price is adjusted by the rate of increase in the average stock price index of the banking industry as of balance sheet dates.
- (*3) As the actual number of exercisable granted shares is determined in accordance with the management performance for the contract period of service, the number of granted shares used for the calculation of compensation cost is computed based on the assumption that the performance result falls into the highest level in the bracket.
- (*4) The Bank took over the stock options granted by Kookmin Credit Card Co., Ltd. of which the exercise price and number of shares were adjusted in proportion to the merger ratio.
- (*5) 300,000 shares are vested when target ROE is accomplished; 200,000 shares vested when target BIS ratio is achieved; 200,000 shares vested when target return on shareholders' equity is met.

- (2) The changes in granted shares and the weighted average exercise price for the nine months ended September 30, 2007 are follows (Unit: In Won and shares):

| | Granted shares | | | | | Exercise price (Won) | Remaining period to maturity (year) |
|-------------|----------------|---------|-----------|---------|---------|----------------------|-------------------------------------|
| | Beginning | Granted | Exercised | Expired | Ending | | |
| Series 2 | 88,107 | | 16,384 | | 71,723 | 28,027 | 1.46 |
| Series 6 | 8,633 | | 8,633 | | | 25,100 | |
| Series 7 | 150,000 | | 50,000 | | 100,000 | 51,200 | 2.13 |
| Series 8-1 | 28,863 | | 600 | | 28,263 | 57,100 | 2.48 |
| Series 8-2 | 263,565 | | 66,734 | | 196,831 | 57,100 | 2.48 |
| Series 9 | 23,899 | | | | 23,899 | 58,800 | 2.82 |
| Series 10-1 | 43,414 | | 3,351 | | 40,063 | 47,360 | 3.47 |
| Series 10-2 | 70,993 | | | | 70,993 | 35,500 | 3.47 |
| Series 11 | 5,091 | | | | 5,091 | 40,500 | 3.91 |
| Series 12 | 75,539 | | 16,289 | | 59,250 | 46,100 | 4.36 |
| Series 13-1 | 20,000 | | | | 20,000 | 48,650 | 4.48 |
| Series 13-2 | 10,000 | | 10,000 | | | 47,200 | |
| Series 14 | 700,000 | | | | 700,000 | 53,300 | 5.09 |
| Series 15-1 | 135,259 | | | 9,897 | 125,362 | 61,907 | 5.47 |
| Series 15-2 | 580,069 | | | 61,875 | 518,194 | 46,800 | 5.47 |
| Series 16 | 15,000 | | | 6,173 | 8,827 | 45,700 | 5.58 |
| Series 17 | 30,000 | | | | 30,000 | 49,200 | 5.81 |
| Series 18 | 15,000 | | | 7,788 | 7,212 | 53,000 | 5.90 |

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| | Granted shares | | | | | Exercise price | Remaining period to maturity (year) |
|-------------------------------|----------------|---------|-----------|---------|-----------|----------------|-------------------------------------|
| | Beginning | Granted | Exercised | Expired | Ending | | |
| Series 19 | 940,000 | | | 10,000 | 930,000 | (Won) 83,310 | 6.48 |
| Series 20 | 30,000 | | | | 30,000 | 87,100 | 6.58 |
| Series 21 | 20,000 | | | | 20,000 | 81,300 | 7.08 |
| Series 22 | | 885,000 | | | 885,000 | 77,500 | 7.00 |
| Series 23 | | 30,000 | | | 30,000 | 84,500 | 7.48 |
| Series Kookmin Credit Card -1 | 22,146 | | | | 22,146 | 71,538 | 3.48 |
| Series Kookmin Credit Card -2 | 9,990 | | | | 9,990 | 129,100 | 3.50 |
| | 3,285,568 | 915,000 | 171,991 | 95,733 | 3,932,844 | (Won) 65,351 | 5.66 |

The weighted average stock price of the stock option exercised for the nine months ended September 30, 2007 is (Won)84,230.

The changes in granted shares and the weighted average exercise price for the year ended December 31, 2006 are follows (Unit: In Won and shares):

| | Granted shares | | | | | Exercise price | Remaining period to maturity (year) |
|-------------------------------|----------------|---------|-----------|---------|-----------|----------------|-------------------------------------|
| | Beginning | Granted | Exercised | Expired | Ending | | |
| Series 2 | 133,695 | | 45,588 | | 88,107 | (Won) 28,027 | 2.21 |
| Series 4 | 60,754 | | 60,754 | | | 27,600 | |
| Series 6 | 36,726 | | 28,093 | | 8,633 | 25,100 | 0.23 |
| Series 7 | 650,000 | | 500,000 | | 150,000 | 51,200 | 2.88 |
| Series 8-1 | 42,047 | | 13,184 | | 28,863 | 57,100 | 3.22 |
| Series 8-2 | 276,904 | | 13,339 | | 263,565 | 57,100 | 3.22 |
| Series 9 | 23,899 | | | | 23,899 | 58,800 | 3.57 |
| Series 10-1 | 63,443 | | 20,029 | | 43,414 | 46,962 | 4.22 |
| Series 10-2 | 89,560 | | 17,910 | 657 | 70,993 | 35,500 | 4.22 |
| Series 11 | 5,091 | | | | 5,091 | 40,500 | 4.66 |
| Series 12 | 75,539 | | | | 75,539 | 46,100 | 5.11 |
| Series 13-1 | 20,000 | | | | 20,000 | 48,650 | 5.23 |
| Series 13-2 | 10,000 | | | | 10,000 | 47,200 | 5.23 |
| Series 14 | 700,000 | | | | 700,000 | 51,000 | 5.84 |
| Series 15-1 | 165,000 | | | 29,741 | 135,259 | 59,288 | 6.22 |
| Series 15-2 | 765,000 | | | 184,931 | 580,069 | 46,800 | 6.22 |
| Series 16 | 15,000 | | | | 15,000 | 45,700 | 6.33 |
| Series 17 | 30,000 | | | | 30,000 | 49,200 | 6.56 |
| Series 18 | 15,000 | | | | 15,000 | 53,000 | 6.65 |
| Series 19 | | 940,000 | | | 940,000 | 80,900 | 7.23 |
| Series 20 | | 30,000 | | | 30,000 | 84,600 | 7.33 |
| Series 21 | | 20,000 | | | 20,000 | 79,000 | 7.83 |
| Series Kookmin Credit Card -1 | 22,146 | | | | 22,146 | 71,538 | 4.22 |
| Series Kookmin Credit Card -2 | 9,990 | | | | 9,990 | 129,100 | 4.24 |
| | 3,209,794 | 990,000 | 698,897 | 215,329 | 3,285,568 | (Won) 65,986 | 5.77 |

The weighted average stock price of the stock option exercised for the year ended December 31, 2006 is (Won)70,844.

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- (3) Series 22 and Series 23 are measured at fair value based on the Black-Scholes Model, and the factors used in determining the fair value are as follows (Unit: In Won):

| Series | Expected | | stock price | | Risk | | Fair value |
|------------------------|--------------|----------------|----------------|------------------|-------------------|---------------|--------------|
| | Stock price | Exercise price | volatility (%) | Maturity (years) | Expected dividend | free rate (%) | |
| Series 22-1 (Director) | (Won) 75,100 | (Won) 77,500 | 25.21 | 4.02 | (Won) 6,332 | 4.17 | (Won) 15,057 |
| Series 22-2 (Employee) | 75,100 | 77,500 | 27.33 | 5.01 | 7,740 | 4.18 | 17,998 |
| Series 23 | 75,100 | 84,500 | 25.10 | 4.13 | 6,502 | 4.17 | 12,841 |

The expected weighted average exercise period was separately estimated for directors and employees in order to reflect the possibility of an early exercise. The historical stock price volatility during the respective expected exercise period was applied to the calculation of the expected stock price volatility and estimated based on the cross volatility of the stock price between the Bank and its competitors in order to adjust the exercise price in proportion to the change of the market value of the competitors.

- (4) As of September 30, 2007 and December 31, 2006, the accrued expenses under the share-based payment amount to (Won)49,641 million and (Won)42,754 million, respectively, and the intrinsic value of the vested share option amount to (Won)22,401 million and (Won)21,694 million, respectively. The compensation cost recorded as selling and administration expense amounts to (Won)12,929 million and (Won)14,532 million for the nine months ended September 30, 2007 and 2006, respectively.

19. CONTINGENCIES AND COMMITMENTS:

- (1) The Bank holds written-off loans, of which the claim for borrowers and guarantors have not been terminated, amounting to (Won)11,656,043 million and (Won)12,005,064 million as of September 30, 2007 and December 31, 2006, respectively.
- (2) As of September 30, 2007, the Bank has reversed allowances of (Won)87 million, for losses in relation to the possible future repurchase of loans, which the Bank sold to Korea Asset Management Corporation (KAMCO). As of December 31, 2006, the Bank has provided allowances of (Won)252 million, for losses in relation to the possible future repurchase of loans, which the Bank sold to Korea Asset Management Corporation (KAMCO) for (Won)666 million.
- (3) As of September 30, 2007 and December 31, 2006, the Bank recorded receivables amounting to (Won)3,280,393 million and (Won)1,900,684 million, respectively, and payables amounting to (Won)3,280,138 million and (Won)1,900,506 million, respectively, for unsettled foreign currency spot transactions, respectively.
- (4) As of September 30, 2007 and December 31, 2006, the Bank has entered into commitments to provide credit line of (Won)605,400 million and (Won)1,158,800 million, respectively, and to purchase commercial papers amounting to (Won)1,035,400 million and (Won)1,224,200 million, respectively, with several special purpose companies. As of September 30, 2007 and December 31, 2006, under these commitments, the Bank extended loans of (Won)6,965 million and (Won)12,497 million, respectively, to the companies and recognized (Won)3,776 million and (Won)3,602 million, respectively, of expected loss as other allowance. The Bank has no balance of commitment to purchase commercial papers.

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- (5) The Bank entered into the business cooperation agreements with Citibank and Nonghyup regarding the credit card business. Accordingly, the Bank shares the related revenue from such business operation.
- (6) The Bank has filed 101 lawsuits involving aggregate claims of (Won)246,820 million and faces 152 lawsuits involving aggregate damages of (Won)520,099 million, which arose in the normal course of the business and are still pending as of September 30, 2007. The management believes that the ultimate liability, if any, will not materially affect the Bank's financial position. Korea Lottery Service Inc. filed a lawsuit against the Bank with aggregate damages of (Won) 465,434 million (2 lawsuits) regarding commitment fee in relation to the lottery fund; however, the Bank's management believes that the lawsuit will not affect the financial position of the Bank as it is related to a lottery fund.
- (7) The face value of the consumer investment securities amounts to (Won)417,394 million and (Won)217,754 million as of September 30, 2007 and December 31, 2006, respectively.
- (8) The Bank has been assessed on income tax and others of (Won)438,975 million as a consequence of the regular tax audit performed by the Seoul Regional Tax Office from February 7, 2007 to April 19, 2007. The Bank has filed an appeal against the assessment above through proper legal procedures.
- (9) Although the Korea Federation of Banks are discussing the issue on transferring dormant deposits ((Won)300,000 and less per account) to operating deposits according to the special act on transfer of dormant deposits established on August 2007, the effect is unpredictable because the time and method of transfer is not settled as for now.

(10) Derivatives

The notional amounts outstanding for derivative contracts as of September 30, 2007 and December 31, 2006 were as follows (Unit: In millions):

| Type | Trading | 2007 Hedge | Total | Trading | 2006 Hedge | Total |
|---------------------------------|------------|---------------|------------|------------|---------------|--------------|
| Interest rate: | | | | | | |
| Interest rate forwards | (Won) | (Won) | (Won) | (Won) | 92,960 | (Won) 92,960 |
| Interest rate futures | 2,189,734 | | 2,189,734 | 1,470,054 | | 1,470,054 |
| Interest rate swaps | 51,367,221 | 5,164,643 | 56,531,864 | 42,563,389 | 3,718,967 | 46,282,356 |
| Interest rate options purchased | 110,000 | | 110,000 | 110,000 | | 110,000 |
| Interest rate options sold | 100,000 | | 100,000 | 300,000 | | 300,000 |
| | 53,766,955 | 5,164,643 | 58,931,598 | 44,536,403 | 3,718,967 | 48,255,370 |
| Currency: | | | | | | |
| Currency forwards | 76,522,566 | | 76,522,566 | 80,949,167 | | 80,949,167 |
| Currency futures | 4,035,600 | | 4,035,600 | 3,237,813 | | 3,237,813 |
| Currency swaps | 11,129,406 | | 11,129,406 | 7,888,681 | | 7,888,681 |

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| | | | | |
|----------------------------|------------|------------|------------|------------|
| Currency options purchased | 2,796,857 | 2,796,857 | 518,421 | 518,421 |
| Currency options sold | 1,859,847 | 1,859,847 | 348,144 | 348,144 |
| | 96,344,276 | 96,344,276 | 92,942,226 | 92,942,226 |
| Stock: | | | | |
| Stock index futures | 96,571 | 96,571 | 187,454 | 187,454 |
| Stock options purchased | 582,400 | 582,400 | 723,790 | 723,790 |
| Stock options sold | 875,547 | 875,547 | 987,929 | 987,929 |
| Stock swaps | | | 8,008 | 8,008 |
| | 1,554,518 | 1,554,518 | 1,907,181 | 1,907,181 |

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| Type | 2007 | | | 2006 | | |
|------------------------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Trading | Hedge | Total | Trading | Hedge | Total |
| Other: | | | | | | |
| Gold index options purchased | (Won) 5,109 | (Won) | (Won) 5,109 | (Won) | (Won) | (Won) |
| Gold index options sold | 5,109 | | 5,109 | | | |
| Merchandise forwards | 78,705 | | 78,705 | | | |
| Merchandise Swap | 460 | | 460 | | | |
| Other derivatives | 140,000 | | 140,000 | | | |
| | 229,383 | | 229,383 | | | |
| | (Won) 151,895,132 | (Won) 5,164,643 | (Won) 157,059,775 | (Won) 139,385,810 | (Won) 3,718,967 | (Won) 143,104,777 |

(*) For transaction between Won and foreign currencies, unsettled amount of transaction is presented using the basic foreign exchange rate based on the contract amount in foreign currencies. For transaction between foreign currencies and foreign currencies, unsettled amount is presented using the basic foreign exchange rate based on foreign currencies purchased at balance sheet dates.

The details of derivatives as of September 30, 2007 and the valuation of derivatives for the nine months ended September 30, 2007 were as follows (Unit: In millions):

| Type | Gain on valuation (P/L) | | | Loss on valuation (P/L) | | | Gain (loss) on valuation(B/S) | |
|---------------------------------|-------------------------|--------------|---------------|-------------------------|---------------|---------------|-------------------------------|---------------|
| | Trading | Hedge | Total | Trading | Hedge | Total | Assets | Liabilities |
| Interest rate: | | | | | | | | |
| Interest rate swaps | (Won) 206,842 | (Won) 10,409 | (Won) 217,251 | (Won) 258,027 | (Won) 141,550 | (Won) 399,577 | (Won) 284,791 | (Won) 472,982 |
| Interest rate options purchased | 222 | | 222 | 715 | | 715 | 1,721 | |
| Interest rate options sold | 69 | | 69 | 257 | | 257 | | 557 |
| | 207,133 | 10,409 | 217,542 | 258,999 | 141,550 | 400,549 | 286,512 | 473,539 |
| Currency: | | | | | | | | |
| Currency forwards | 435,092 | | 435,092 | 437,369 | | 437,369 | 478,397 | 530,634 |
| Currency swaps | 93,099 | | 93,099 | 52,856 | | 52,856 | 360,345 | 165,865 |
| Currency options purchased | 16,347 | | 16,347 | 9,899 | | 9,899 | 13,621 | 24,035 |
| Currency options sold | 8,386 | | 8,386 | 3,855 | | 3,855 | 4,243 | 16,971 |
| | 552,924 | | 552,924 | 503,979 | | 503,979 | 856,606 | 737,505 |
| Stock: | | | | | | | | |
| Stock options purchased | 18,196 | | 18,196 | 39,364 | | 39,364 | 96,267 | |
| | 6,786 | | 6,786 | 29,048 | | 29,048 | | 79,328 |

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Stock
options sold

| | | | | | | | | |
|------------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| | 24,982 | 24,982 | 68,412 | 68,412 | 96,267 | 79,328 | | |
| Other: | | | | | | | | |
| Gold index options purchased | 25 | 25 | 30 | 30 | 187 | | | |
| Gold index options sold | | | 7 | 7 | | 226 | | |
| Merchandise forwards | 4,479 | 4,479 | 4,418 | 4,418 | 4,479 | 4,418 | | |
| Merchandise Swap | 74 | 74 | 68 | 68 | 74 | 68 | | |
| Other derivatives | 2,019 | 2,019 | 1,683 | 1,683 | 2,019 | 1,683 | | |
| | 6,597 | 6,597 | 6,206 | 6,206 | 6,759 | 6,395 | | |
| | (Won) 791,636 | (Won) 10,409 | (Won) 802,045 | (Won) 837,596 | (Won) 141,550 | (Won) 979,146 | (Won) 1,246,144 | (Won) 1,296,767 |

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The details of financial derivatives as of December 31, 2006 and the valuation of financial derivatives for the nine months ended September 30, 2006 were as follows (Unit: In millions):

| Type | Gain on valuation (P/L) | | | Loss on valuation (P/L) | | | Gain (loss) on valuation(B/S) | |
|---------------------------------|-------------------------|---------|---------|-------------------------|----------|----------|-------------------------------|-------------|
| | Trading | Hedge | Total | Trading | Hedge | Total | Assets | Liabilities |
| Interest rate: | | | | | | | | |
| Interest rate forwards | (Won) 9 | (Won) 9 | (Won) 9 | (Won) 22 | (Won) 22 | (Won) 22 | (Won) 9 | (Won) 9 |
| Interest rate swaps | 170,254 | 77,193 | 247,447 | 245,550 | 8,510 | 254,060 | 174,514 | 217,850 |
| Interest rate options purchased | 1,704 | | 1,704 | 952 | | 952 | 2,261 | |
| Interest rate options sold | 1,386 | | 1,386 | 220 | | 220 | | 675 |
| | 173,353 | 77,193 | 250,546 | 246,744 | 8,510 | 255,254 | 176,784 | 218,525 |
| Currency: | | | | | | | | |
| Currency forwards | 631,025 | | 631,025 | 645,207 | | 645,207 | 537,474 | 667,386 |
| Currency swaps | 218,896 | | 218,896 | 123,686 | | 123,686 | 427,425 | 210,503 |
| Currency options purchased | 349 | | 349 | 892 | | 892 | 1,912 | 3,882 |
| Currency options sold | 457 | | 457 | 13 | | 13 | 357 | 1,806 |
| | 850,727 | | 850,727 | 769,798 | | 769,798 | 967,168 | 883,577 |
| Stock: | | | | | | | | |
| Stock options purchased | 28,793 | | 28,793 | 5,502 | | 5,502 | 116,784 | |
| Stock options sold | 9,123 | | 9,123 | 7,786 | | 7,786 | | 45,919 |
| Stock swaps | 1,338 | | 1,338 | 1,235 | | 1,235 | 12 | 12 |
| | 39,254 | | 39,254 | 14,523 | | 14,523 | 116,796 | 45,931 |

(Won) 1,063,334 (Won) 77,193 (Won) 1,140,527 (Won) 1,031,065 (Won) 8,510 (Won) 1,039,575 (Won) 1,260,748 (Won) 1,148,033

The Bank uses various derivative instruments for its trading activities, including interest rate and foreign exchange swaps, futures, forwards and options, to manage the interest rate characteristics of certain assets or liabilities and to economically hedge against the effects of fluctuations in interest rates or foreign exchange rates.

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The Bank holds derivative instruments accounted for as fair value hedges applied to debentures, subordinated bonds, structured bonds and structured deposits. The Bank recognized (Won)141,205 million and (Won)8,510 million of gains and (Won)10,409 million and (Won)77,193 million of losses on valuation of fair value hedged items for the nine months ended September 30, 2007 and 2006, respectively. In addition, the interest rate swap covers the fair value changes of the hedged items resulted from the fluctuation in interest rate and foreign exchange rate. The difference of the valuation between the interest rate swap designated as the fair value hedging instrument and the structured bond, the hedged item, is (Won)345 million for the nine months ended September 30, 2007.

- (11) The Bank purchased synthetic Collateralized Default Obligation (CDO) with embedded Credit Default Swap (CDS) for the purpose of earning income such as commission income as of September 30, 2007. The details are as follows (Unit: In USD thousands):

| | Date of | | | |
|-------------|-------------------------|-----------------|---------------|-------------------------|
| | Date of contract | maturity | Amount | Reference entity |
| BNP Paribas | 2006.08.24 | 2013.12.20 | 10,000 | 116 Global Bonds |
| UBS | 2007.07.23 | 2017.06.20 | 10,000 | 125 Global Bonds |

The Bank could receive less than par and incur loss in relation to the sale of the CDO in case of credit events such as the default of the reference entity.

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20. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES:

Significant assets and liabilities denominated in foreign currencies as of September 30, 2007 and December 31, 2006 were as follows:

| | 2007 | | 2006 | |
|--------------------------------------|----------------|-----------------|----------------|-----------------|
| | USD | KRW | USD | KRW |
| | equivalent | equivalent | equivalent | equivalent |
| | (In thousands) | (In millions) | (In thousands) | (In millions) |
| Assets: | | | | |
| Foreign currencies | US\$ 199,953 | (Won) 184,095 | US\$ 162,872 | (Won) 151,406 |
| Due from banks in foreign currencies | 307,072 | 282,722 | 517,050 | 480,649 |
| Securities in foreign currencies | 1,166,969 | 1,074,428 | 891,936 | 829,144 |
| Loans in foreign currencies (*) | 8,122,777 | 7,478,641 | 7,811,759 | 7,261,811 |
| Bills bought in foreign currencies | 1,482,675 | 1,365,099 | 1,366,517 | 1,270,314 |
| Call loans in foreign currencies | 573,396 | 527,926 | 195,685 | 181,909 |
| Liabilities: | | | | |
| Deposits in foreign currencies | US\$ 2,085,419 | (Won) 1,920,045 | US\$ 1,535,668 | (Won) 1,427,557 |
| Borrowings in foreign currencies | 5,265,527 | 4,847,972 | 4,169,943 | 3,876,379 |
| Call money in foreign currencies | 646,647 | 595,368 | 50,975 | 47,386 |
| Debentures in foreign currencies | 3,406,854 | 3,136,690 | 2,614,924 | 2,430,834 |
| Foreign currency bills payable | 188,715 | 173,750 | 58,643 | 54,515 |

(*) Domestic import usance bill included.

Foreign currencies other than U.S. dollars were translated into U.S. dollars at the basic rates of exchange at balance sheet dates.

21. INTEREST REVENUE AND EXPENSES:

The average balance of the interest bearing assets and liabilities, and the related interest revenue and expenses as of and for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In millions):

| | 2007 | | | 2006 | | |
|-------------------------|-------------------|-----------------|----------|-------------------|-----------------|----------|
| | Average | Interest | Interest | Average | Interest | Interest |
| | balance | revenue | rate | balance | revenue | rate |
| | | /expense | (%) | | /expense | (%) |
| Interest revenue | | | | | | |
| Due from banks(*) | (Won) 390,359 | (Won) 11,339 | 3.88 | (Won) 732,508 | (Won) 22,420 | 4.09 |
| Securities | 28,164,200 | 1,042,582 | 4.95 | 28,815,374 | 1,011,653 | 4.69 |
| Loans | 158,566,232 | 8,845,489 | 7.46 | 140,895,240 | 7,826,252 | 7.43 |
| | 187,120,791 | 9,899,410 | 7.07 | 170,443,122 | 8,860,325 | 6.95 |
| Interest expense | | | | | | |
| Deposits | 129,739,783 | 2,993,511 | 3.08 | 123,834,439 | 2,497,749 | 2.70 |
| Borrowings | 45,107,999 | 1,736,730 | 5.15 | 36,808,475 | 1,291,113 | 4.67 |
| | (Won) 174,847,782 | (Won) 4,730,241 | 3.62 | (Won) 160,642,914 | (Won) 3,788,862 | 3.15 |

(*) Excluding the average balance of reserve deposits with BOK

Table of Contents**22. GENERAL AND ADMINISTRATIVE EXPENSES:**

(1) General and administrative expenses for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In millions):

| | 2007 | 2006 |
|--|-----------------|-----------------|
| Salaries | (Won) 1,205,450 | (Won) 1,160,460 |
| Provision for severance benefits | 123,996 | 103,864 |
| Severance benefits for voluntary resignation | | 3,806 |
| Other employee benefits | 403,826 | 360,814 |
| Rent expenses | 86,052 | 65,900 |
| Depreciation | 216,653 | 157,435 |
| Amortization | 80,257 | 67,180 |
| Taxes and dues | 105,980 | 96,295 |
| Advertising | 64,461 | 63,282 |
| Development expenses | 115,425 | 102,237 |
| Others | 278,297 | 236,327 |
| | (Won) 2,680,397 | (Won) 2,417,600 |

(2) Other general and administrative expenses for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In millions):

| | 2007 | 2006 |
|---------------------------|---------------|---------------|
| Communication | (Won) 36,105 | (Won) 30,700 |
| Electricity and utilities | 13,573 | 13,047 |
| Publication | 17,073 | 15,950 |
| Repairs maintenance | 12,811 | 10,565 |
| Vehicle | 21,213 | 20,701 |
| Travel | 3,915 | 3,075 |
| Training | 26,824 | 17,224 |
| Service fees | 64,378 | 56,336 |
| Others | 82,405 | 68,729 |
| | (Won) 278,297 | (Won) 236,327 |

23. NON-OPERATING REVENUE AND EXPENSES:

Non-operating revenue and expenses for the nine months ended September 30, 2007 and 2006 consisted of (Unit: In millions):

| | 2007 | 2006 |
|---|--------------|--------------|
| Non-operating revenue: | | |
| Gain on valuation of securities accounted for using the equity method | (Won) 74,397 | (Won) 76,077 |
| Gain on disposal of securities accounted for using the equity method | 161,145 | |
| Gain on disposal of tangible assets | 10,128 | 2,399 |
| Reversal of tangible assets impairment loss | | 962 |
| Rental income | 2,377 | 2,378 |
| Others | 95,276 | 176,847 |

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| | 2007 | 2006 |
|---|---------------|--------------|
| Non-operating expenses: | | |
| Loss on valuation of securities accounted for using the equity method | (Won) 289 | (Won) 1,612 |
| Loss on disposal of securities accounted for using the equity method | 783 | |
| Loss on disposal of tangible assets | 1,086 | 1,629 |
| Impairment loss on tangible assets | 358 | 4,685 |
| Others | 560,246 | 81,837 |
| | (Won) 562,762 | (Won) 89,763 |

24. **INCOME TAX EXPENSE:**

- (1) The differences between pretax accounting income and taxable income pursuant to Korean Corporate Income Tax Law for the nine months ended September 30, 2007 and 2006 are summarized as follows (Unit: In millions):

| | 2007 | | 2006 | |
|-----------------------------------|-------------------|-----------------|-----------------|-----------------|
| Income before income tax | | (Won) 3,237,847 | | (Won) 3,113,790 |
| Taxable and non-deductible items: | | | | |
| Temporary difference | (Won) 2,398,365 | | (Won) 1,764,847 | |
| Permanent difference | 1,132,595 | 3,530,960 | 947,200 | 2,712,047 |
| Deductible and non-taxable items: | | | | |
| Temporary difference | (1,759,696) | | (2,247,898) | |
| Permanent difference | (Won) (1,245,831) | (3,005,527) | (Won) (640,596) | (2,888,494) |
| Taxable income | | (Won) 3,763,280 | | (Won) 2,937,343 |

- (2) Reconciliation items between accounting income and taxable income pursuant to the Corporate Income Tax Law of Korea for the nine months ended September 30, 2007 and 2006 are as follows (Units: In millions):

| Accounts | 2007 | | 2006 | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Temporary difference | Permanent difference | Temporary difference | Permanent difference |
| Taxable and non-deductible items: | | | | |
| Loss (gain) on fair value hedges | (Won) 62,843 | (Won) | (Won) 68,294 | (Won) |
| Other allowances | 706,819 | | 861,938 | |
| Accrued interest | 431,301 | | 349,024 | |
| Tangible asset impairment losses | 13,741 | | 14,520 | |
| Deferred loan organization fee and cost | 138,338 | | 52,025 | |
| Interest on ELD | 12,644 | | 13,966 | |
| Stock options | 49,641 | | 44,272 | |
| Allowance for possible losses on acceptances and guarantees | 28,836 | | 13,986 | |
| Loss (gain) on valuation of derivatives | 186,512 | | 94,654 | |
| Goodwill | 58,759 | | 58,759 | |
| Present value discount | 1,308 | | 1,422 | |
| Dividends from SPC | 9,156 | | 15,993 | |
| Others | 698,467 | 1,132,595 | 175,994 | 947,200 |

(Won) 2,398,365 (Won) 1,132,595 (Won) 1,764,847 (Won) 947,200

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| Accounts | 2007 | | 2006 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Temporary difference | Permanent difference | Temporary difference | Permanent difference |
| Deductible and non-taxable items: | | | | |
| Loss (gain) on fair value hedges | (Won) 189,606 | (Won) | (Won) | (Won) |
| Other allowances | 776,661 | | 875,835 | |
| Allowance for loan losses | | | 37,626 | |
| Accrued interest | 440,099 | | 359,772 | |
| Tangible asset impairment losses | 15,535 | | 11,466 | |
| Deferred loan organization fee and cost | 172,207 | | 96,465 | |
| Interest on ELD | 8,565 | | 24,928 | |
| Stock options | 42,754 | | 46,905 | |
| Allowance for possible losses on acceptances and guarantees | 18,772 | | 10,141 | |
| Loss (gain) on valuation of derivatives | 38,403 | | 181,938 | |
| Present value discount | 1,370 | | 1,713 | |
| Dividends from SPC | 333 | | 78,689 | |
| Others | 55,391 | 1,245,831 | 522,420 | 640,596 |
| | (Won) 1,759,696 | (Won) 1,245,831 | (Won) 2,247,898 | (Won) 640,596 |

- (3) Changes in cumulative temporary differences for the nine months ended September 30, 2007 and 2006, and deferred income tax assets (liabilities) as of September 30, 2007 and 2006 are as follows (Unit: In millions):

| | Beginning balance (*1) | 2007 | | Ending balance |
|---|------------------------|---------------|---------------|----------------|
| | | Deduction | Addition | |
| (Deductible temporary differences) | | | | |
| Other allowances | (Won) 801,451 | (Won) 776,661 | (Won) 706,819 | (Won) 731,609 |
| Allowance for loan losses | 276 | | | 276 |
| Tangible asset impairment losses | 15,535 | 15,535 | 13,741 | 13,741 |
| Interest on ELD | 19,307 | 8,565 | 12,644 | 23,386 |
| Stock options | 42,754 | 42,754 | 49,641 | 49,641 |
| Allowance for possible losses on acceptances and guarantees | 18,772 | 18,772 | 28,836 | 28,836 |
| Loss (gain) on valuation of derivatives | 38,403 | 38,403 | 186,512 | 186,512 |
| Present value discount | 1,370 | 1,370 | 1,308 | 1,308 |
| Dividends from SPC | 205,255 | 254 | 782 | 205,783 |
| Allowance for repurchase SPC | 80,204 | | | 80,204 |
| Others | 162,287 | 28,597 | 693,115 | 826,805 |
| | 1,385,614 | 930,911 | 1,693,398 | 2,148,101 |
| The exclusion of deferred income tax assets (*2): | | | | |
| Other allowances | 7,238 | | | 2,492 |
| Dividends from SPC | 205,255 | | | 205,783 |
| Allowance for repurchase SPC | 80,204 | | | 80,204 |
| Others | 72,556 | | | 76,492 |
| | 1,020,361 | | | 1,783,130 |
| Statutory tax rate | 27.5% | | | 27.5% |
| Deferred income tax assets | 280,599 | | | 490,361 |

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| | 2007 | | | |
|--|---------------------------|----------------|-----------------|-----------------|
| | Beginning balance (*1) | Deduction | Addition | Ending balance |
| (Taxable temporary differences) | | | | |
| Loss (gain) on fair value hedges | (Won) (62,843) | (Won) (62,843) | (Won) (189,606) | (Won) (189,606) |
| Accrued interest | (431,301) | (431,301) | (440,099) | (440,099) |
| Deferred loan organization fee and cost | (138,338) | (138,338) | (172,207) | (172,207) |
| Goodwill | (300,324) | (58,759) | | (241,565) |
| Dividends from SPC | (8,374) | (8,374) | (79) | (79) |
| Others | (331,364) | (5,352) | (26,794) | (352,806) |
| | (1,272,544) | (704,967) | (828,785) | (1,396,362) |
| The exclusion of deferred income tax liabilities: | | | | |
| Goodwill | (300,324) | | | (241,565) |
| Others | (72,406) | | | (78,120) |
| | (899,814) | | | (1,076,677) |
| Statutory tax rate | 27.5% | | | 27.5% |
| Deferred income tax liabilities | (247,449) | | | (296,086) |
| Net deferred income tax assets | (Won) 33,150 | | | (Won) 194,275 |

(*1) The adjustment based on the final tax return was reflected in the beginning deferred income tax assets.

(*2) As of September 30, 2007, other allowances of (Won)2,492 million, dividends from SPC of (Won)205,783 million, allowances for repurchase SPC of (Won)80,204 million and other (equity method) of (Won)76,492 million in deductible temporary differences are not recoverable in the future; therefore, these were not recognized as deferred tax assets.

| | 2006 | | | |
|--|---------------------------|-----------|--------------|-------------------|
| | Beginning balance (*1) | Deduction | Addition | Ending balance |
| (Deductible temporary differences) | | | | |
| Loss (gain) on fair value hedges | (Won) (58,096) | (Won) | (Won) 68,294 | (Won) 10,198 |
| Other allowances | 900,625 | 875,835 | 861,938 | 886,728 |
| Allowance for loan losses | 37,626 | 37,626 | | |
| Tangible asset impairment losses | 11,466 | 11,466 | 14,520 | 14,520 |
| Interest on ELD | 31,108 | 24,928 | 13,966 | 20,146 |
| Stock options | 46,905 | 46,905 | 44,272 | 44,272 |
| Allowance for possible losses on acceptances and guarantees | 10,141 | 10,141 | 13,986 | 13,986 |
| Present value discount | 1,713 | 1,713 | 1,422 | 1,422 |
| Dividends from SPC | 268,685 | 70,674 | 15,993 | 214,004 |
| Allowance for repurchase SPC | 80,204 | | | 80,204 |
| Others | 452,709 | 107,478 | 214,963 | 560,194 |
| | 1,783,086 | 1,186,766 | 1,249,354 | 1,845,674 |
| The exclusion of deferred income tax assets(*2): | | | | |
| Dividends from SPC | 268,685 | | | 214,004 |
| Allowance for repurchase SPC | 80,204 | | | 80,204 |
| Others | 57,611 | | | 67,686 |
| | 1,376,586 | | | 1,483,780 |

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| | | |
|----------------------------|---------|---------|
| Statutory tax rate | 27.5% | 27.5% |
| Deferred income tax assets | 378,561 | 408,040 |

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| | 2006 | | | Ending balance |
|--|---------------------------|-----------------|-----------------|-------------------|
| | Beginning balance (*1) | Deduction | Addition | |
| (Taxable temporary differences) | | | | |
| Accrued interest | (Won) (349,024) | (Won) (349,024) | (Won) (359,772) | (Won) (359,772) |
| Deferred loan organization fee and cost | (52,025) | (52,025) | (96,465) | (96,465) |
| Loss (gain) on valuation of derivatives | (94,654) | (94,654) | (181,938) | (181,938) |
| Goodwill | (378,669) | (58,759) | | (319,910) |
| Dividends from SPC | | | (8,015) | (8,015) |
| Others | 138,626 | 369,401 | (84,510) | (315,285) |
| | (735,746) | (185,061) | (730,700) | (1,281,385) |
| The exclusion of deferred income tax liabilities: | | | | |
| Goodwill | (378,669) | | | (319,910) |
| Others | (44,567) | | | (60,973) |
| | (312,510) | | | (900,502) |
| Statutory tax rate | 27.5% | | | 27.5% |
| Deferred income tax liabilities | (85,940) | | | (247,638) |
| Net deferred income tax assets | (Won) 292,621 | | | (Won) 160,402 |

(*1) The adjustment based on the final tax return was reflected in the beginning deferred income tax assets.

(*2) As of September 30, 2006, dividends from SPC of (Won)214,004 million, allowances for repurchase SPC of (Won)80,204 million and other (equity method) of (Won)67,686 million in deductible temporary differences are not recoverable in the future; therefore, these were not recognized as deferred tax assets.

(4) Income tax payable and income tax refund receivable as of September 30, 2007 and December 31, 2006 are as follows (Unit: In millions):

| | 2007 | 2006 |
|--------------------------------------|---------------|---------------|
| Income tax refund receivable | (Won) 326,459 | (Won) 617,690 |
| Income tax payable | 1,034,823 | 845,887 |
| Net income tax payable (Note 16)(*)) | (Won) 708,364 | (Won) 228,197 |

(*)) Income tax payable of (Won)802 million and (Won)1,987 million as of September 30, 2007 and December 31, 2006, respectively, are due to overseas branch and others. Therefore, these are not eligible for set-off to income tax refund receivable.

(5) Income tax expense for the nine months ended September 30, 2007 and 2006 is summarized as follows (Unit: In millions):

| | 2007 | 2006 |
|--|-----------------|---------------|
| Income tax currently payable | (Won) 1,034,823 | (Won) 807,369 |
| Changes in deferred tax assets | (161,125) | 132,219 |
| Income tax expense or benefit allocated directly to shareholder's equity | 168,428 | (87,028) |
| Income tax expense of overseas branch | 1,942 | 3,129 |

(Won) 1,044,068

(Won) 855,689

- (6) The statutory income tax rates applicable to the Bank, including resident tax surcharges, are 27.5 percent for the nine months ended September 30, 2007 and 2006, respectively. However, due to tax adjustments, the effective tax rates for the nine months ended September 30, 2007 and 2006 are 32.25 percent and 27.48 percent, respectively.

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(1) Basic net income per share

Basic net income per share were calculated for common stock by dividing net income available to common shareholders by the weighted average number of outstanding common stock.

Net income per share for common stock for the nine months ended September 30, 2007 and 2006 was computed as follows:

1) Outstanding capital stock for the nine months ended September 30, 2007 and 2006 were as follows:

| | 2007 | | 2006 | |
|--|-------------------|-----------------------------------|-------------------|-----------------------------------|
| | Number of shares | Number of shares x number of days | Number of shares | Number of shares x number of days |
| Number of common shares outstanding-beginning balance | (Won) 336,379,116 | (Won) 91,831,498,668 | (Won) 336,379,116 | (Won) 91,831,498,668 |
| Number of treasury stock outstanding-beginning balance | | | (217,935) | (59,496,255) |
| Sale of treasury stock | | | 217,935 | 57,298,711 |
| | (Won) 336,379,116 | (Won) 91,831,498,668 | (Won) 336,379,116 | (Won) 91,829,301,124 |

Weighted average number of common shares outstanding for the nine months ended September 30, 2007: $91,831,498,668 \div 273 \text{ days} = 336,379,116$ shares

Weighted average number of common shares outstanding for the nine months ended September 30, 2006: $91,829,301,124 \div 273 \text{ days} = 336,371,066$ shares

2) The basic net income per share for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In Won):

| | 2007 | 2006 |
|--|-------------------------|-------------------------|
| Net income | (Won) 2,193,778,623,826 | (Won) 2,258,100,586,934 |
| Weighted average number of common shares outstanding | 336,379,116 | 336,371,066 |
| Net income per share | (Won) 6,522 | (Won) 6,713 |

The basic net income per share for the year ended December 31, 2006 was (Won) 7,349.

(2) Diluted net income per share

Diluted net income for the nine months ended September 30, 2007 and 2006 represent diluted net income divided by the number of common shares and diluted securities

Diluted net income per share for the nine months ended September 30, 2007 and 2006 was computed as follows (Unit: In Won):

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| | 2007 | 2006 |
|---|-------------------------|-------------------------|
| Diluted net income | (Won) 2,193,778,623,826 | (Won) 2,258,100,586,934 |
| Weighted average number of common shares outstanding and diluted securities (*) | 337,139,822 | 336,374,358 |
| Diluted net income per share | (Won) 6,507 | (Won) 6,713 |

(*) The fair value of the service to be received has been reflected in the exercise price in calculating the diluted shares. The diluted shares included in the outstanding common shares are 760,706 shares and 3,292 shares as of September 30, 2007 and 2006, respectively.

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The diluted net income per share for the year ended December 31, 2006 was (Won) 7,349.

26. COMPREHENSIVE INCOME:

Comprehensive income for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In millions):

| | 2007 | 2006 |
|--|-----------------|-----------------|
| Net income | (Won) 2,193,779 | (Won) 2,258,101 |
| Other comprehensive income: | | |
| Gain (loss) on valuation of available-for-sale securities | (433,205) | 163,923 |
| Loss on valuation of held-to-maturity securities | (53) | (273) |
| Gain (loss) on valuation of securities using the equity method | (14,955) | 9,233 |
| | (Won) 1,745,566 | (Won) 2,430,984 |

27. TRUST ACCOUNTS:

(1) Major financial information related to the trust accounts as of and for the nine months ended September 30, 2007 and 2006 were as follows (Unit : In millions):

| | 2007 | 2006 (*) |
|---|-----------------|-----------------|
| Operating revenue of trust operation: | | |
| Trust fees and commissions from trust accounts | (Won) 69,123 | (Won) 71,707 |
| Commissions from early redemption in trust accounts | 18 | 18 |
| | (Won) 69,141 | (Won) 71,725 |
| Operating expenses of trust operation: | | |
| Accrued interest on trust accounts | (Won) 53,447 | 32,866 |
| Assets: | | |
| Accrued receivable trust fees | (Won) 119,944 | (Won) 81,650 |
| Liabilities: | | |
| Due to trust accounts | (Won) 1,570,062 | (Won) 1,281,185 |
| Accrued interest on trust accounts | 5,984 | 3,017 |
| | (Won) 1,576,046 | (Won) 1,284,202 |

(*) The balance of the assets and liabilities is as of December 31, 2006.

(2) As of September 30, 2007 and December 31, 2006, trust accounts for which the Bank provided the guarantees for a fixed rate of return and/or the repayment of principal consisted of following (Unit: In millions):

2007

2006

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| | Name of fund | Book value | | Fair value | | Book value | | Fair value | |
|---|---------------------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| Trust accounts guaranteeing the repayment of principal: | Old age pension (*1 & 2) | (Won) | 11,126 | (Won) | 11,095 | (Won) | 13,331 | (Won) | 13,305 |
| | Personal pension (*1 & 2) | | 2,253,317 | | 2,212,359 | | 2,256,483 | | 2,230,878 |
| | Pension trust | | 519,627 | | 519,627 | | 463,785 | | 463,785 |
| | Retirement trust | | 441,408 | | 441,408 | | 512,951 | | 512,951 |
| | New personal pension | | 68,084 | | 68,084 | | 68,648 | | 68,648 |
| | New old age pension | | 63,246 | | 63,246 | | 100,176 | | 100,177 |
| | | | 3,356,808 | | 3,315,819 | | 3,415,374 | | 3,389,744 |

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| Name of fund | 2007 | | 2006 | |
|--|-----------------|-----------------|-----------------|-----------------|
| | Book value | Fair value | Book value | Fair value |
| Trust accounts guaranteeing a fixed rate of return and the repayment of principal: | | | | |
| Development money trust | | | | |
| (*1) | (Won) 81,139 | (Won) 81,143 | (Won) 70,464 | (Won) 70,478 |
| Unspecified monetary trust | | | | |
| (*1) | 163 | 163 | 153 | 153 |
| | 81,302 | 81,306 | 70,617 | 70,631 |
| | (Won) 3,438,110 | (Won) 3,397,125 | (Won) 3,485,991 | (Won) 3,460,375 |

(*1) These funds were not stated at fair value but at book value.

(*2) The book value is greater than the fair value, but the Bank is not obligated to pay the difference since these are yield-based dividend instruments.

28. SEGMENT INFORMATION:

(1) As of September 30, 2007 and December 31, 2006, the Bank's operating segments are consumer banking, corporate banking, credit card operation, treasury operation of investment in securities (including derivatives) and funding, and other operations of general administration and trust. Geographical segment are segregated into two segments: domestic and overseas operations.

As of and for the nine months ended September 30, 2007, financial information on the Bank's operating segments was as follows (Unit: In millions):

| | Consumer | Corporate | Credit card | Capital market | Other | Total |
|-----------------------------------|-----------------|---------------|------------------|-----------------|------------------|-----------------|
| Securities | (Won) 14,575 | (Won) 77,204 | (Won) 28,812,221 | (Won) 2,744,717 | (Won) 31,648,717 | |
| Loans | 85,403,968 | 68,852,345 | 8,116,880 | 1,516,615 | 164,056,306 | |
| Operating income before provision | (Won) 1,475,543 | (Won) 711,538 | (Won) 585,190 | (Won) (12,038) | (Won) 1,010,550 | (Won) 3,770,783 |

As of and for the year ended December 31, 2006, financial information on the Bank's operating segments was as follows (Unit: In millions):

| | Consumer | Corporate | Credit card | Capital market | Other | Total |
|---------------------------------------|-----------------|---------------|------------------|-----------------|------------------|-----------------|
| Securities | (Won) 222,892 | (Won) 84,156 | (Won) 25,946,509 | (Won) 3,128,923 | (Won) 29,382,480 | |
| Loans | 84,258,294 | 55,001,230 | 7,608,708 | 2,872,625 | 149,867,182 | |
| Operating income before provision (*) | (Won) 1,527,496 | (Won) 613,763 | (Won) 776,224 | (Won) 13,908 | (Won) 487,584 | (Won) 3,418,975 |

(*) For the nine months ended September 30, 2006

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- (2) Financial information on the Bank's geographical segments as of and for the nine months ended September 30, 2007 was as follows (Unit: In millions):

| | Domestic | Overseas | Total |
|-----------------------------------|------------------|-----------------|------------------|
| Securities | (Won) 31,634,963 | (Won) 13,754 | (Won) 31,648,717 |
| Loans | 163,580,174 | 476,132 | 164,056,306 |
| Operating income before provision | (Won) 3,760,262 | (Won) 10,521 | (Won) 3,770,783 |

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Financial information on the Bank's geographical segments as of and for the year ended December 31, 2006 was as follows (Unit: In millions):

| | Domestic | Overseas | Total |
|---------------------------------------|------------------|--------------|------------------|
| Securities | (Won) 29,382,480 | (Won) | (Won) 29,382,480 |
| Loans | 149,481,281 | 385,901 | 149,867,182 |
| Operating income before provision (*) | (Won) 3,406,293 | (Won) 12,682 | (Won) 3,418,975 |

(*) For the nine months ended September 30, 2006

29. **RELATED PARTY TRANSACTIONS:**

(1) The subsidiaries of the Bank as of September 30, 2007 and December 31, 2006 were as follows:

| | 2007 | 2006 |
|-----------------------|--|--|
| Domestic Subsidiaries | KB Investment Co., Ltd. KB Futures Co., Ltd. KB Data System Co., Ltd. KB Asset Management Co., Ltd. KB Real Estate Trust Co., Ltd. KB Credit Information Co., Ltd. KB Life Insurance Co., Ltd. | KB Investment Co., Ltd. KB Futures Co., Ltd. KB Data System Co., Ltd. KB Asset Management Co., Ltd. KB Real Estate Trust Co., Ltd. KB Credit Information Co., Ltd. KB Life Insurance Co., Ltd. NPC 02-4 Kookmin Venture Fund(*) |
| Overseas Subsidiaries | Kookmin Bank International Ltd. (London) Kookmin Bank Hong Kong Ltd. | Kookmin Bank International Ltd. (London) Kookmin Bank Hong Kong Ltd. |

(*) Excluded from consolidated subsidiaries due to the beginning of liquidation on April 1, 2007 and it has been finalized on September 21, 2007.

(2) The various employee benefits for the major directors for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In millions):

| | 2007 | | Total |
|------------------------------------|-------------------------------------|-----------------|-------------|
| | Short-term employee benefits (*) | Stock option | |
| Registered officers (Standing) | (Won) 3,821 | (Won) 3,895 | (Won) 7,716 |
| Registered officers (Non-Standing) | 407 | 249 | 656 |
| | (Won) 4,228 | (Won) 4,144 | (Won) 8,372 |

| | 2006 | | Total |
|------------------------------------|-------------------------------------|-----------------|-------------|
| | Short-term employee benefits (*) | Stock option | |
| Registered officers (Standing) | (Won) 3,505 | (Won) 6,211 | (Won) 9,716 |
| Registered officers (Non-Standing) | 428 | 592 | 1,020 |

(Won) 3,933

(Won) 6,803

(Won) 10,736

(*) Short-term employee benefits are based on the actual payment.

(**) The key management includes Registered officers who have authorities and responsibilities for decision-making of the business plan, operations and control over the Bank.

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(4) Significant transactions with related parties for the nine months ended September 30, 2007 and 2006 were as follows (Unit: In millions):

| | 2007 Bad debt | | |
|--|--------------------------|-----------------|----------------------|
| | Revenue | expenses | Expenses (*2) |
| Subsidiaries: | | | |
| Trust accounts (trust accounts guaranteed a fixed rate of return and/or the repayment of principal) (*1) | (Won) 27,456 | (Won) | (Won) 4,698 |
| KB Investment Co., Ltd. | | | 362 |
| KB Futures Co., Ltd. | 18 | | 1,436 |
| KB Data System Co., Ltd. | 55 | | 25,240 |
| KB Asset Management Co., Ltd. | 649 | | 2,455 |
| KB Real Estate Trust Co., Ltd. | 186 | (231) | 1,937 |
| KB Credit Information Co., Ltd. | 124 | | 43,663 |
| KB Life Insurance Co., Ltd. | 32,798 | | 3 |
| Kookmin Bank International Ltd. (London) | 7,867 | | 2,438 |
| Kookmin Bank Hong Kong Ltd. | 8,069 | | 1,188 |
| | 77,222 | (231) | 83,420 |
| Investee under the equity method: | | | |
| Joeeun Industrial Co., Ltd. | | (10,239) | |
| NPC 02-4 Kookmin Venture Fund | | | 279 |
| | | (10,239) | 279 |
| | (Won) 77,222 | (Won) (10,470) | (Won) 83,699 |
| 2006 Bad debt | | | |
| | Revenue | expenses | Expenses(*2) |
| Subsidiaries: | | | |
| Trust accounts (trust accounts guaranteed a fixed rate of return and/or the repayment of principal) (*1) | (Won) 31,478 | (Won) | (Won) 2,920 |
| KB Investment Co., Ltd. | | | 278 |
| KB Futures Co., Ltd. | 17 | | 1,306 |
| KB Data System Co., Ltd. | 337 | | 19,613 |
| KB Asset Management Co., Ltd. | 569 | | 1,276 |
| KB Real Estate Trust Co., Ltd. | 1,273 | (48) | |
| KB Credit Information Co., Ltd. | 129 | | 49,712 |
| KB Life Insurance Co., Ltd. | 25,111 | | 1 |
| Kookmin Bank International Ltd. (London) | 8,341 | | 3,170 |
| Kookmin Bank Hong Kong Ltd. | 7,439 | | 1,571 |
| | 74,694 | (48) | 79,847 |
| Investee under the equity method: | | | |
| Pacific IT Investment Partnership | | | 7 |
| Joeeun Industrial Co., Ltd. | | 364 | |
| NPC 02-4 Kookmin Venture Fund | 3 | | 368 |
| | 3 | 364 | 375 |

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(Won) 74,697 (Won) 316 (Won) 80,222

(*1) Trust accounts guaranteeing the repayment of principal or a fixed rate of return.

(*2) Bad debt expenses excluded.

In addition, the Bank purchased fixed assets from KB Data System Co., Ltd. amounting to (Won) 8,878 million and (Won) 14,332 million for nine months ended September 30, 2007 and 2006, respectively.

Table of Contents30. EMPLOYEE BENEFITS:

The Bank has employee benefits programs, such as support for rent of houses, scholarship, medical insurance, accident compensation, compensated leave, gym facilities and other benefits.

31. CASH FLOWS:

- (1) Cash flows from operating activities are presented by the indirect method.
- (2) The cash and due from banks in the statements of cash flows for the nine months ended September 30, 2007 and 2006 were as follows (Unit : In millions)

| | 2007 | 2006 |
|---------------------------|-----------------|-----------------|
| Cash and checks | (Won) 2,453,296 | (Won) 2,445,798 |
| Foreign currencies | 184,095 | 160,403 |
| Due from banks | 4,118,247 | 2,838,185 |
| | 6,755,638 | 5,444,386 |
| Restricted due from banks | (3,918,936) | (2,343,500) |
| | (Won) 2,836,702 | (Won) 3,119,886 |

- (3) Significant transactions not involving cash inflows and outflows for the nine months ended September 30, 2007 and 2006 were as follows (Unit : In millions):

| | 2007 | 2006 |
|---|-----------------|---------------|
| Changes in accumulated other comprehensive income from valuation of available-for-sale securities | (Won) (448,213) | (Won) 172,883 |
| Increase in available-for-sale securities from debt-equity swap | 12,691 | |
| Decrease in allowance for bad debt by disposal and repurchase of nonperforming loan | 47,067 | 51,443 |
| Write-offs of loans and decrease of loans from principal exemption | 662,933 | 998,165 |