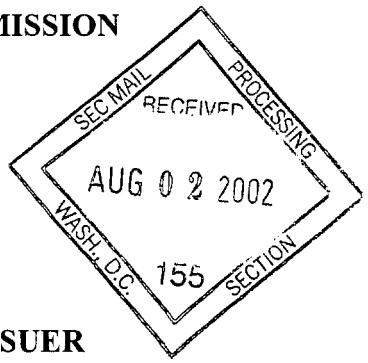
Total pages: 25

1-15258

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**




# Form 6-K

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

For the month of July 2002 7/31/2002

PROCESSED
AUG 0 9 2002
THOMSON
FINANCIAL

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 X Form 40-F _____

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

Yes _____ No X

(If "yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- )

# First Half 2002 Earnings Conference

On July 29, 2002, Kookmin Bank had an earnings conference to release operating results for the first half of 2002. The presentation material is attached here.

Attachment: First Half 2002 Earnings Conference.

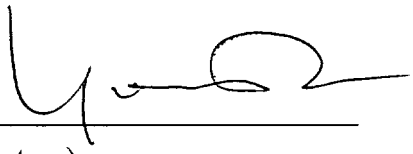
The presentation attached hereinafter contains forward-looking statements with respect to the business plans and objectives of the management of Kookmin Bank. Statements that are not historical facts, including statements about beliefs and expectations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Kookmin Bank to be materially different from any future results or performance expressed or implied by such forward-looking statements. Kookmin Bank does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this presentation, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Such forward-looking statements were based on current plans, estimates and projection of Kookmin Bank and the political and economic environment in which Kookmin Bank will operate in the future, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and Kookmin Bank undertakes no obligation to update publicly any of them in light of new information or future events. Additional information concerning these and other risk factors are contained in Kookmin Bank's latest annual report on Form 20-F and in Kookmin Bank's other filings with the U.S. Securities and Exchange Commission.

## 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)

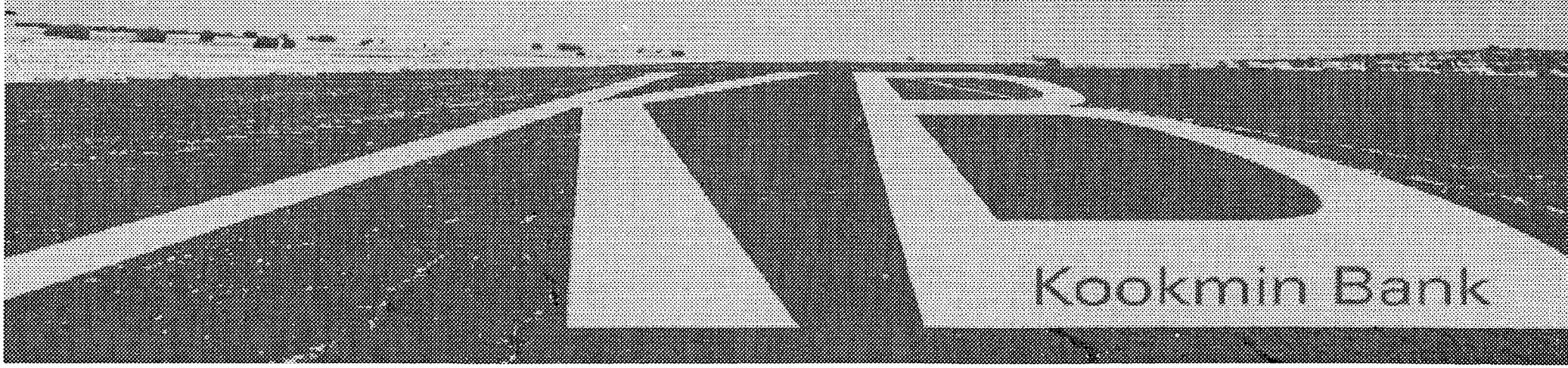
Date: July 29, 2002

By: 
(Signature)

Name: Jong-Kyoo Yoon
Title: Executive Vice President &
Chief Financial Officer

# First Half 2002 Earnings Conference

July 29, 2002



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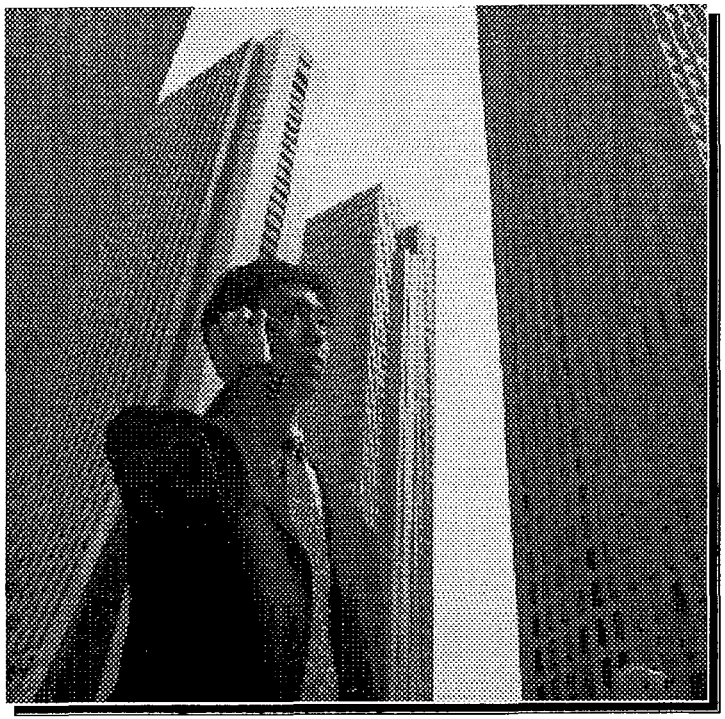
I. Financial Overview

1. Profitability
2. Fund management
3. Asset quality
4. Key financial indicators

II. Progress on Integration



# Overview

| (bn won) | 1H 2002 | Quarterly Comparison | | | 1H 2001 | YoY |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | QoQ | | |
| Interest Income (a) | 2,371.3 | 1,192.5 | 1,178.8 | 1.2% | 2,133.3 | 11.2% |
| Non-interest Income (b) | 783.5 | 411.2 | 372.3 | 10.4% | 751.9 | 4.2% |
| General & Admin Expenses (c) | 1,091.6 | 535.3 | 556.3 | Δ 3.8% | 998.8 | 9.3% |
| Provision Expenses (d) | 600.9 | 375.3 | 225.6 | 66.4% | 313.8 | 91.5% |
| (Provision for loan losses) | 589.3 | 369.4 | 219.9 | 68.0% | 322.6 | 82.7% |
| Operating Income (a+b-c-d) | 1,462.3 | 693.1 | 769.2 | Δ 9.9% | 1,572.6 | Δ7.0% |
| Non-operating Income | 198.9 | 12.6 | 186.3 | Δ 93.2% | 215.7 | Δ 7.8% |
| (Gain on valuation using equity method) | 109.3 | 10.3 | 99.0 | Δ 89.6% | 259.5 | Δ 57.9% |
| Net Income before Taxes | 1,661.2 | 705.7 | 955.5 | Δ 26.1% | 1,788.3 | Δ 7.1% |
| Taxes | 497.2 | 213.9 | 283.3 | Δ 24.5% | 554.1 | Δ 10.3% |
| **Net Income** | **1,164.0** | **491.8** | **672.2** | **Δ 26.8%** | **1,234.2** | **Δ 5.7%** |
| **Income before Provisioning** | **2,301.7** | **1,100.4** | **1,201.3** | **Δ 8.4%** | **2,177.6** | **5.7%** |

# Income before Provisioning and One-off Charges

| (bn won) | 2Q 02 | 1Q 02 | Amt chg | QoQ |
|---|---|---|---|---|
| Pre-provisioning income | 1,100.4 | 1,201.3 | Δ 100.9 | Δ 8.4% |
| Pre-provisioning income ex one-off charges | 1,258.7 | 1,201.3 | 57.4 | 4.8% |
| One-off Charges | 158.3 | - | 158.3 | - |
| Loss on sale of Hynix shares* | 78.8 | - | 78.8 | - |
| Loss on valuation using quity method of Kookmin Venture Capital | 79.5 | - | 79.5 | - |
| **New household provisioning requirement** | 255.0 | - | **255.0** | - |

* With carrying reserves reflected, the net loss on Hynix in 2Q was 50.1 bn won

# Interest Income

| (bn won) | 1H 2002 | Quarterly Comparison | | | 1H 2001 | YoY |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | QoQ | | |
| Interests on Loans* | 4,483.2 | 2,251.5 | 2,231.7 | 0.9% | 4,895.3 | Δ 8.4% |
| Interests on Securities | 795.1 | 386.2 | 408.9 | Δ 5.6% | 1,063.5 | Δ 25.2% |
| Interests on Dues from Bank, etc | 85.3 | 50.4 | 34.9 | 44.4% | 160.0 | Δ 46.7% |
| Interest Revenue | 5,363.6 | 2,688.1 | 2,675.5 | 0.5% | 6,118.8 | Δ 12.3% |
| Interests on Deposits | 2,385.8 | 1,192.8 | 1,193.0 | 0.0% | 3,184.7 | Δ 25.1% |
| Interests on Debentures | 360.9 | 183.9 | 177.0 | 3.9% | 411.3 | Δ 12.3% |
| Interests on Borrowings, etc | 245.6 | 118.9 | 126.7 | Δ 6.2% | 389.5 | Δ 36.9% |
| Interest Expense | 2,992.3 | 1,495.6 | 1,496.7 | Δ 0.1% | 3,985.5 | Δ 24.9% |
| **Net Interest Income** | 2,371.3 | **1,192.5** | **1,178.8** | **1.2%** | **2,133.3** | **11.2%** |

* Includes interests on credit card loans and cash advances, as newly mandated by FSS

# Non-interest Income

| (bn won) | III 2002 | Quarterly Comparison | | | 1H 2001 | YoY |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | QoQ | | |
| Trust Income & Fees | 171.1 | 61.3 | 109.8 | Δ44.2% | 236.6 | Δ 27.7% |
| Commissions on Credit Cards | 249.0 | 134.2 | 114.8 | 16.9% | 191.1 | 30.3% |
| Commissions on NIIF Mgt | 100.8 | 56.5 | 44.3 | 27.5% | 88.9 | 13.4% |
| Other Commissions | 156.1 | 83.8 | 72.3 | 15.9% | 129.6 | 20.4% |
| Other Operating Income * | 106.5 | 75.4 | 31.1 | 142.4% | 105.7 | 0.8% |
| **Net Non-interest Income** | 783.5 | **411.2** | **372.3** | **10.4%** | **751.9** | **4.2%** |

* Includes gains on trading securities, dividends, gains on derivatives, deposit insurance expenses, etc.

# Net Gain from Securities (excluding interest income)

| (bn won) | 1H 2002 | Quarterly Comparison | | | 1H 2001 | YoY |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | QoQ | | |
| Gain on sale of trading securities | 22.6 | 0.1 | 22.5 | Δ 99.6% | 12.9 | 75.2% |
| Valuation gain on trading securities | 103.6 | 67.4 | 36.2 | 86.2% | 136.2 | Δ 23.9% |
| Dividend income | 19.5 | 18.5 | 1.0 | 1,750.0% | 5.8 | 236.2% |
| Gain on sale of investment securities | 96.2 | 13.1 | 83.1 | Δ 84.2% | 46.4 | 107.3% |
| Impairment loss on investment sec (-) | 71.1 | 28.5 | 42.6 | Δ 33.1% | 186.3 | Δ 61.8% |
| Valuation gain on bond market stabilization fund | 38.5 | 11.5 | 27.0 | Δ 57.4% | 123.0 | Δ 68.7% |
| **Net gain (loss) on Securities** | **209.3** | **82.1** | **127.2** | Δ 35.5% | **138.0** | **51.7%** |
| **Gain on valuation using equity method** | **109.3** | **10.3** | **99.0** | Δ 89.6% | **259.5** | Δ 57.9% |

# NIS & NIM

| (%) | 1H 2002 | 1Q 2002 | FY 2001 | 1H 2001 |
|---|---|---|---|---|
| Interest Spread (a-b) | 4.00 | 4.08 | 3.89 | 3.88 |
| Interest on loans in won* (a) | 8.14 | 8.31 | 9.47 | 9.90 |
| Household | 8.45 | 8.63 | 10.03 | 10.60 |
| Corporate | 7.67 | 7.78 | 8.67 | 8.94 |
| Interest on deposits in won** (b) | 4.14 | 4.23 | 5.58 | 6.02 |
| Net Interest Spread (NIS) | 4.03 | 4.11 | 3.87 | 3.88 |
| NIM*** | 3.41 | 3.46 | 3.22 | 3.27 |

* Total loans in won : loans in won + private placement bonds

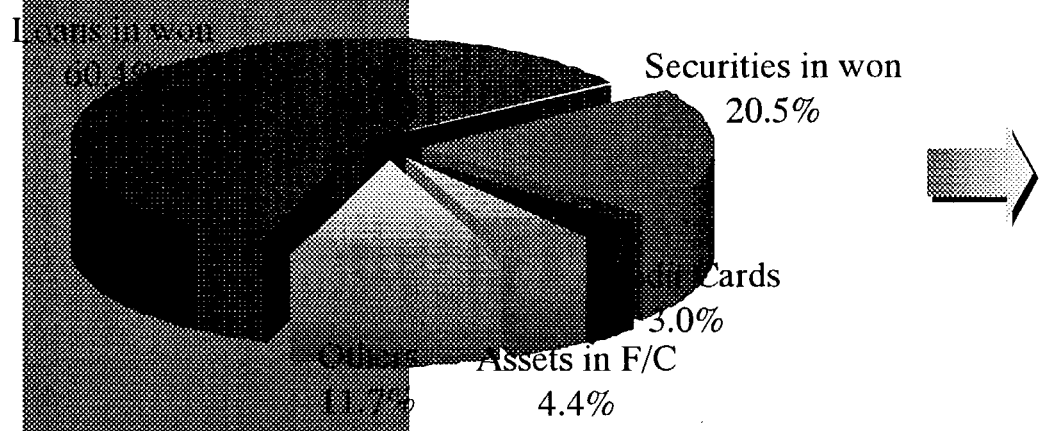
** Total deposits in won : deposits in won+ CD, RP, bills sold

*** Based on revised NIM calculation newly mandated by FSS to exclude fees received on credit card purchases.

# Condensed Balance Sheet

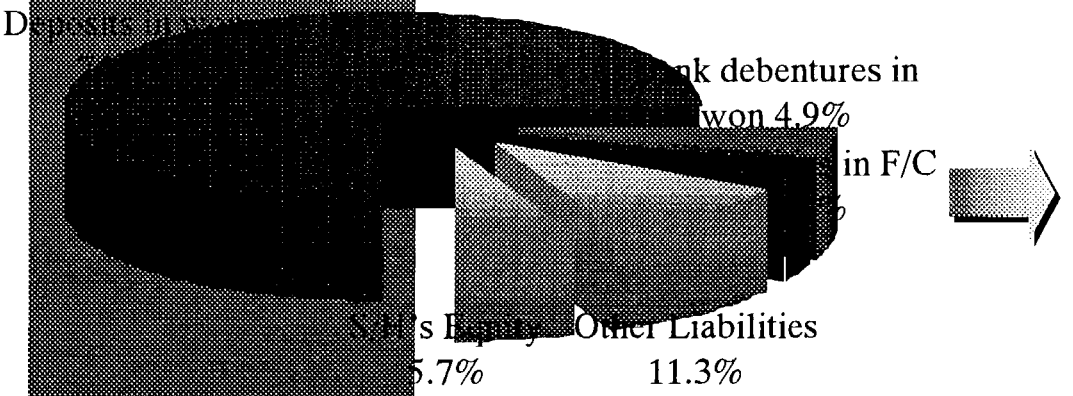
| (Tr won) | 1H 2002 | FY2001 | Net chg (YTD) | FY2000 |
|---|---|---|---|---|
| Loans in Won | 105.0 | 94.7 | 10.9% | 83.9 |
| Securities in Won | 30.1 | 32.1 | Δ 6.2% | 28.8 |
| Credit Card Receivables | 5.7 | 4.7 | 21.3% | 3.3 |
| Assets in F/C | 6.2 | 7.0 | Δ 11.4% | 9.2 |
| Others | 14.0 | 18.4 | Δ 23.9% | 16.8 |
| **Total Fund Operating** | **161.0** | **156.9** | **2.6%** | **142.0** |
| Deposits in Won | 120.8 | 117.1 | 3.2% | 104.8 |
| Bank Debentures in Won | 10.5 | 7.7 | 36.4% | 7.9 |
| Liabilities in F/C | 4.4 | 5.5 | Δ 20.0% | 6.4 |
| Others | 15.2 | 17.7 | Δ14.1% | 16.1 |
| Shareholder's Equity | 10.1 | 8.9 | 13.5% | 6.8 |
| **Total Fund Raising** | **161.0** | **156.9** | **2.6%** | **142.0** |

## Fund Operating Portfolio




Loans in won
65.2%
Securities in won
18.7%
Others
8.7%
Assets in F/C
3.9%

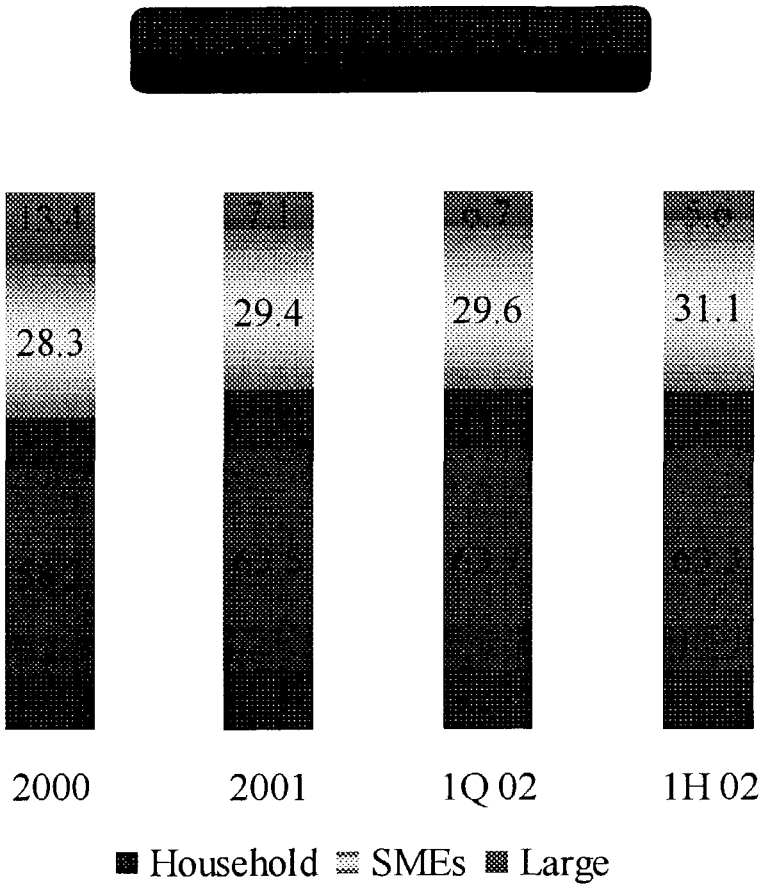
## Fund Raising Portfolio




Deposits in won
Other Liabilities
9.5%

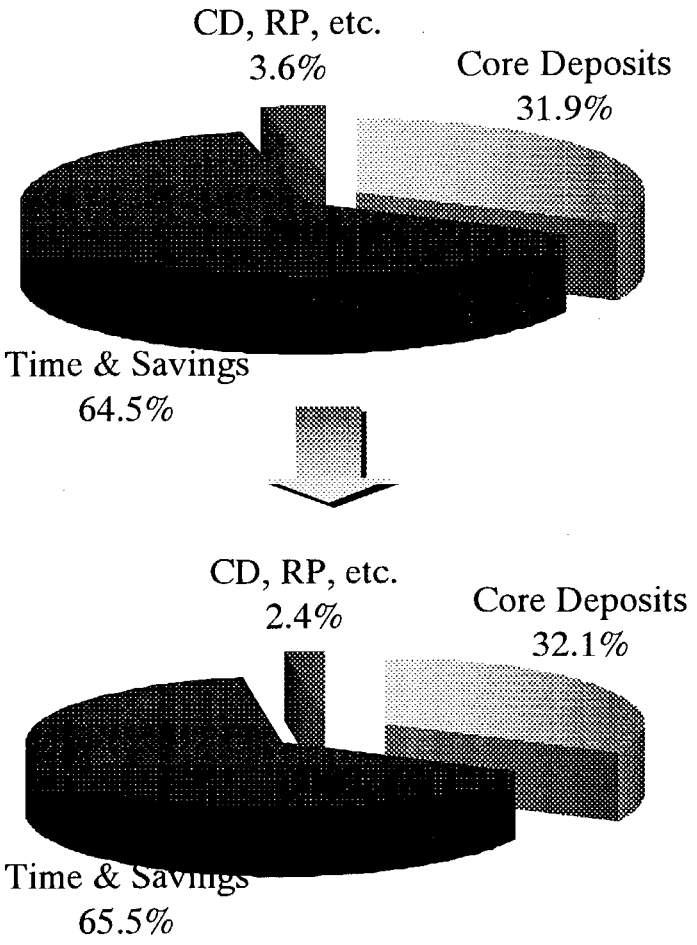
# Loans in Won

| (tr won) | III 2002 | Net Change | | FY 2001 | Net chg (YTD) |
|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | | |
| **Household** | **66.5** | **3.1** | **3.2** | **60.2** | **10.5%** |
| Mortgage | 29.1 | 2.3 | 1.4 | 25.4 | 14.6% |
| General | 37.4 | 0.8 | 1.8 | 34.8 | 7.5% |
| **Corporate** | **38.5** | **2.3** | **1.7** | **34.5** | **11.6%** |
| SME | 32.7 | 3.2 | 1.6 | 27.9 | 17.2% |
| Large corp. | 5.8 | Δ 0.9 | 0.1 | 6.6 | Δ 12.1% |
| **Loans in won** | **105.0** | **5.4** | **4.9** | **94.7** | **10.9%** |



# Deposits in Won

| (tr won) | III 2002 | Net Change | | FY 2001 | Net chg (YTD) |
|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | | |
| Core Deposits | 38.8 | 0.9 | 0.6 | 37.3 | 4.0% |
| Time & Savings | 79.1 | 0.8 | 2.7 | 75.6 | 4.6% |
| (Time Deposits) | 59.1 | 0.7 | 3.7 | 54.7 | 8.0% |
| CD, RP, etc. | 2.9 | Δ 1.2 | Δ 0.1 | 4.2 | Δ31.0% |
| **Total** | **120.8** | **0.5** | **3.2** | **117.1** | **3.2%** |



# Overview

| (bn won) | 1H 2002 | 1Q 2002 | FY 2001 | Year-to-date | |
|---|---|---|---|---|---|
| | | | | Amt change | % Chg |
| Total loans for NPL management | 122,661.2 | 118,006.1 | 112,919.5 | 9,741.7 | 8.6% |
| Precautionary | 4,786.2 | 4,562.5 | 4,620.5 | 165.7 | 3.6% |
| Substandard | 2,528.5 | 2,473.6 | 2,484.4 | 44.1 | 1.8% |
| Doubtful | 792.0 | 1,276.3 | 1,221.7 | Δ 429.7 | Δ 35.2% |
| Estimated Loss | 228.7 | 285.6 | 308.6 | Δ 79.9 | Δ 25.9% |
| Substandard & below loans | 3,549.2 | 4,035.5 | 4,014.7 | Δ 465.5 | Δ 11.6% |
| Substandard & below/total loans | 2.89% | 3.42% | 3.56% | - | Δ 0.67%p |
| LLR/substandard & below loans | 65.6% | 64.1% | 61.3% | - | 4.3%p |
| NPLs Sold | - | - | 1,333.3 | - | - |
| Write-offs | 788.1 | 186.6 | 1,862.4 | - | - |

# Provisioning by Loan Types

| (bn won) | III 2002 | Quarterly Provisions | | FY 2001 | 1H 2002 | |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | | Substandard & Below | LLR |
| Household | 529.3 | 413.1 | 116.2 | 463.7 | 1,076.0 | 1,053.4 |
| General | 309.0 | 269.6 | 39.4 | 254.2 | 870.6 | 842.4 |
| Credit Cards | 220.3 | 143.5 | 76.8 | 209.5 | 205.4 | 211.0 |
| Corporate | 60.0 | Δ 43.7 | 103.7 | 892.4 | 2,473.2 | 1,274.1 |
| **Total** | **589.3** | **369.4** | **219.9** | **1,356.1** | **3,549.2** | **2,327.5** |

# Delinquency

| Classification | 1H 2002 | 1Q 2002 | FY2001 | 1H 2001 |
|---|---|---|---|---|
| Household | 2.45% | 2.29% | 2.23% | 2.59% |
| General Household | 1.89% | 1.80% | 1.78% | 2.20% |
| Credit Cards | 9.03% | 8.52% | 8.04% | 8.13% |
| (below one month past due) | 3.52% | 2.78% | 2.55% | 2.57% |
| Corporate | 2.48% | 2.77% | 2.93% | 3.30% |
| SMF | 3.10% | 2.93% | 3.30% | 4.18% |
| Large Corporate | 0.83% | 2.44% | 2.10% | 1.61% |
| **Total** | 2.46% | **2.48%** | **2.51%** | **2.90%** |

# Key Financial Indicators

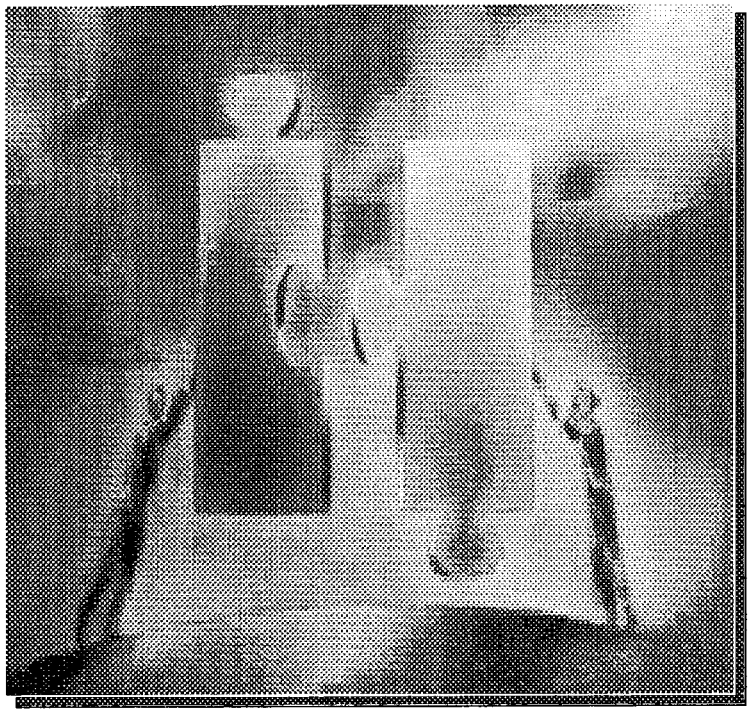
| Classification | III 2002 | FY 2001 | Net Change |
|---|---|---|---|
| ROA (%) | *1.48 | 0.98 | 0.5%p |
| ROE | *23.47 | 18.16 | 5.31%P |
| **BIS** | **10.20 | **10.23** | **Δ 0.03%p** |
| Tier I | 7.40 | 7.09 | 0.31%p |
| Cost-Income Ratio | 36.4 | 42.2 | Δ 5.8%p |
| Loan-to-Deposit Ratio | 88.2 | 82.5 | 5.7%p |
| BPS (won) | 31,745 | 29,742 | 2,003 |
| EPS | *7,329 | 4,959 | 2,370 |

* Annualized
** Estimated

# I. Financial Overview

# II. Progress on Integration

1. IT Integration
2. Branch Streamlining
3. Subsidiary Restructuring



# IT Integration

- **Target Schedule**

Integration complete

| 2002. 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|
| Gap Analysis | Architecture/Develop/ Unit Testing | | | System Testing | | Implementation Testing | | System Stabilization |

- **Key infrastructures**
  - **Build Infrastructure with Sysplex System for high volume transactions and fail-free operations**
    - Consolidate multi-units into one image and operate non-stop 24 hrs/365 days
    - Capacity to manage 1,000 transactions per second
  - **Establish Business Recovery System**
    - Prepare for unexpected system failures
    - Immediately recover systems for all branches and related offices
  - **Construct High Speed Dual Path Communication System**
    - Ensure high availability with dual path communication line for major networks and distribution channels
- **Related Expenses**

(bn won)

| Sysplex | Bks | Communication Infra | Total |
|---|---|---|---|
| 83.7 | 47.8 | 28.0 | 159.5 |

# Branch Streamlining

## Target Schedule

IT Integration complete

| 2002. 4 | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|
| Sort out branches for review and make on-site visits | | Review branches for closure<br>Set standard procedures | | Finalize branches to be closed | Start applying standard procedures | | Implement Phase I of branch closures | Continue with branch closures |

## Target Strategy

- **Implement systematically and gradually in line with IT integration**
  - Implement Phase I branch closures upon IT integration and systematically continue with next phases in 2003
- **Integration, relocation, restructuring (ex. PB, kiosks, etc) of branches to reduce and reconfigure**

## Strategic Sales Branch Expansion

- **New RM branches: 150 in July 2002 ⇒ 222 in total**
- **New SOHO Business Teams: 300~400 in September 2002**
- **Automated Network Expansion : 2,941 ATMs and 450 bill payment machines**

# Subsidiary Restructuring

## Domestic Subsidiaries

| FY 2001 | 1H 2002 | Remarks |
|---|---|---|
| 13 | 10 | Integration: Kookmin Venture Capital + Frontier Investment + Kookmin Bank Venture Capital<br>Sell-off: KB Investment Trust Management |

## Targets in Second Half of 2002

- **Sell-off : Jooeun Leasing**
  - Signed MOU in June, 2002
  - Scheduled to sign a contract in August, 2002
- **Under dissolution process : Jooeun Industry**
- **Integration of credit card businesses:** narrowed-down alternatives are still under consideration and the decision is yet to be made

**"We always welcome you to contact Kookmin Bank!"**

***Thank You!***

Kookmin Bank Investor Relations
E-mail : kmbir@kookminbank.com

# First Half 2002 Earnings Conference

July 29, 2002

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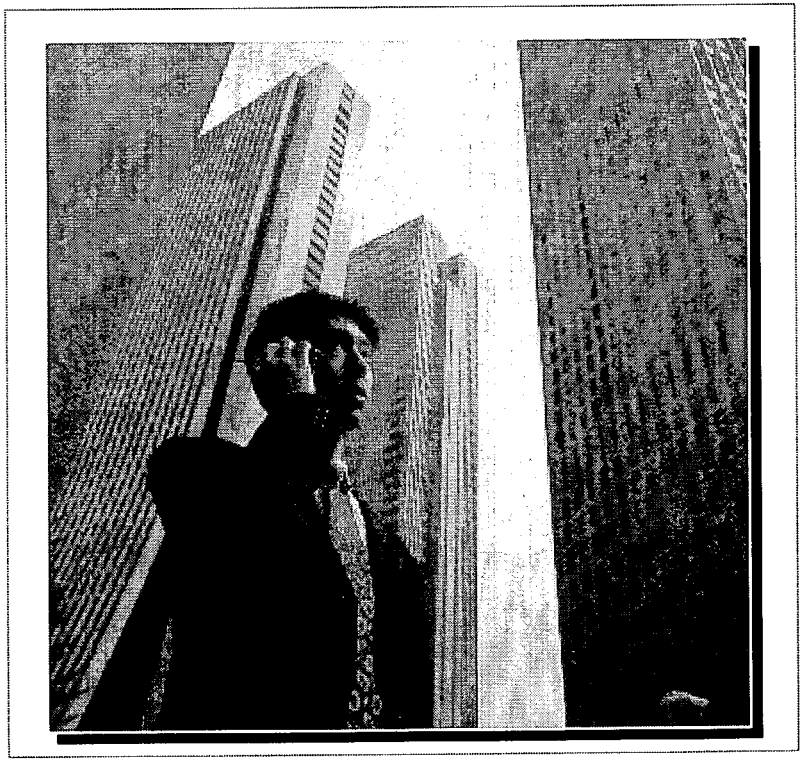

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# Income before Provisioning and One-off Charges

| (bn won) | 2Q 02 | 1Q 02 | Amt chg | QoQ |
|---|---|---|---|---|
| Pre-provisioning income | **1,100.4** | 1,201.3 | Δ 100.9 | Δ 8.4% |
| Pre-provisioning income ex one-off charges | **1,258.7** | 1,201.3 | 57.4 | 4.8% |
| One-off Charges | **158.3** | - | 158.3 | - |
| Loss on sale of Hynix shares* | **78.8** | - | 78.8 | - |
| Loss on vauation using equity method of Kookmin Venture Capital | **79.5** | - | 79.5 | - |
| **New household provisioning requirement** | **255.0** | - | **255.0** | - |

* With carrying reserves reflected, the net loss on Hynix in 2Q was 50.1 bn won

# Interest Income

| (bn won) | 1H 2002 | Quarterly Comparison | | | 1H 2001 | YoY |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | QoQ | | |
| Interests on Loans* | **4,483.2** | 2,251.5 | 2,231.7 | 0.9% | 4,895.3 | Δ 8.4% |
| Interests on Securities | **795.1** | 386.2 | 408.9 | Δ 5.6% | 1,063.5 | Δ 25.2% |
| Interests on Dues from Bank, etc | **85.3** | 50.4 | 34.9 | 44.4% | 160.0 | Δ 46.7% |
| Interest Revenue | **5,363.6** | 2,688.1 | 2,675.5 | 0.5% | 6,118.8 | Δ 12.3% |
| Interests on Deposits | **2,385.8** | 1,192.8 | 1,193.0 | 0.0% | 3,184.7 | Δ 25.1% |
| Interests on Debentures | **360.9** | 183.9 | 177.0 | 3.9% | 411.3 | Δ 12.3% |
| Interests on Borrowings, etc | **245.6** | 118.9 | 126.7 | Δ 6.2% | 389.5 | Δ 36.9% |
| Interest Expense | **2,992.3** | 1,495.6 | 1,496.7 | Δ 0.1% | 3,985.5 | Δ 24.9% |
| **Net Interest Income** | **2,371.3** | **1,192.5** | **1,178.8** | **1.2%** | **2,133.3** | **11.2%** |

* includes interests on credit card loans and cash advances, as newly mandated by FSS

# Non-interest Income

| (bn won) | 1H 2002 | Quarterly Comparison | | | 1H 2001 | YoY |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | QoQ | | |
| Trust Income & Fees | **171.1** | 61.3 | 109.8 | Δ44.2% | 236.6 | Δ 27.7% |
| Commissions on Credit Cards | **249.0** | 134.2 | 114.8 | 16.9% | 191.1 | 30.3% |
| Commissions on NHF Mgt | **100.8** | 56.5 | 44.3 | 27.5% | 88.9 | 13.4% |
| Other Commissions | **156.1** | 83.8 | 72.3 | 15.9% | 129.6 | 20.4% |
| Other Operating Income * | **106.5** | 75.4 | 31.1 | 142.4% | 105.7 | 0.8% |
| **Net Non-interest Income** | **783.5** | **411.2** | **372.3** | **10.4%** | **751.9** | **4.2%** |

* Includes gains on trading securities, dividends, gains on derivatives, deposit insurance expenses, etc.

# Net gain from Securities (excluding interest income)

| (bn won) | 1H 2002 | Quarterly Comparison | | | 1H 2001 | YoY |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | QoQ | | |
| Gain on sale of trading securities | **22.6** | 0.1 | 22.5 | Δ 99.6% | 12.9 | 75.2% |
| Valuation gain on trading securities | **103.6** | 67.4 | 36.2 | 86.2% | 136.2 | Δ 23.9% |
| Dividend income | **19.5** | 18.5 | 1.0 | 1,750.0% | 5.8 | 236.2% |
| Gain on sale of investment securities | **96.2** | 13.1 | 83.1 | Δ 84.2% | 46.4 | 107.3% |
| Impairment loss on investment sec (-) | **71.1** | 28.5 | 42.6 | Δ 33.1% | 186.3 | Δ 61.8% |
| Valuation gain on bond market stabilization fund | **38.5** | 11.5 | 27.0 | Δ 57.4% | 123.0 | Δ 68.7% |
| **Net gain (loss) on Securities** | **209.3** | **82.1** | **127.2** | Δ 35.5% | **138.0** | **51.7%** |
| **Gain on valuation using equity method** | **109.3** | **10.3** | **99.0** | Δ 89.6% | **259.5** | Δ 57.9% |

# NIS & NIM

| (%) | 1H 2002 | 1Q 2002 | FY 2001 | 1H 2001 |
|---|---|---|---|---|
| Interest Spread (a-b) | **4.00** | 4.08 | 3.89 | 3.88 |
| Interest on loans in won* (a) | **8.14** | 8.31 | 9.47 | 9.90 |
| Household | **8.45** | 8.63 | 10.03 | 10.60 |
| Corporate | **7.67** | 7.78 | 8.67 | 8.94 |
| Interest on deposits in won** (b) | **4.14** | 4.23 | 5.58 | 6.02 |
| Net Interest Spread (NIS) | **4.03** | 4.11 | 3.87 | 3.88 |
| NIM*** | **3.41** | 3.46 | 3.22 | 3.27 |

* Total loans in won : loans in won + private placement bonds

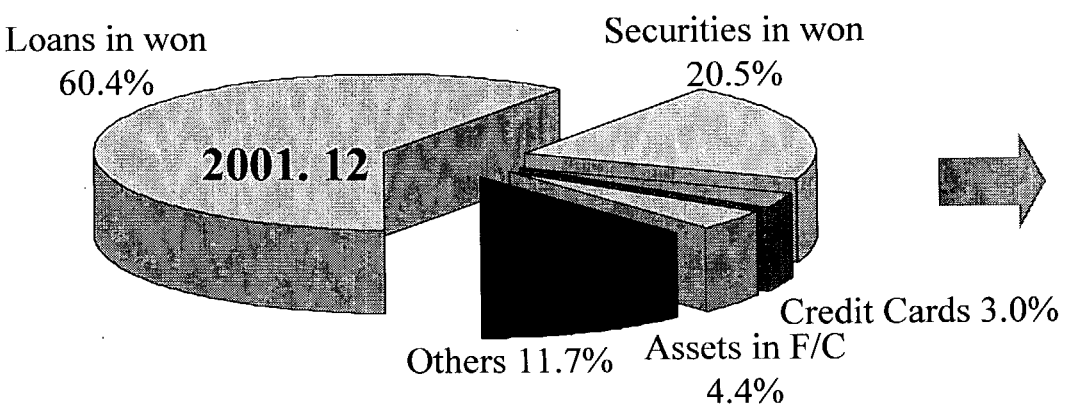
** Total deposits in won : deposits in won+ CD, RP, bills sold

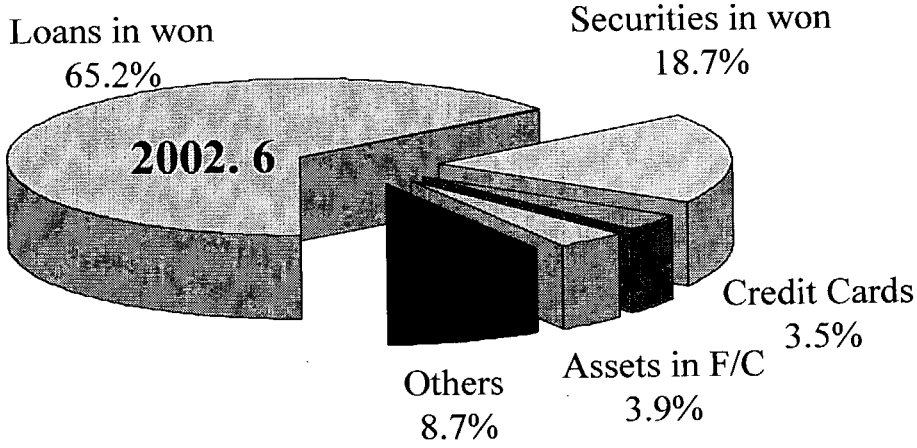
***Based on revised NIM calculation newly mandated by FSS to exclude fees received on credit card purchases

# Condensed Balance Sheet

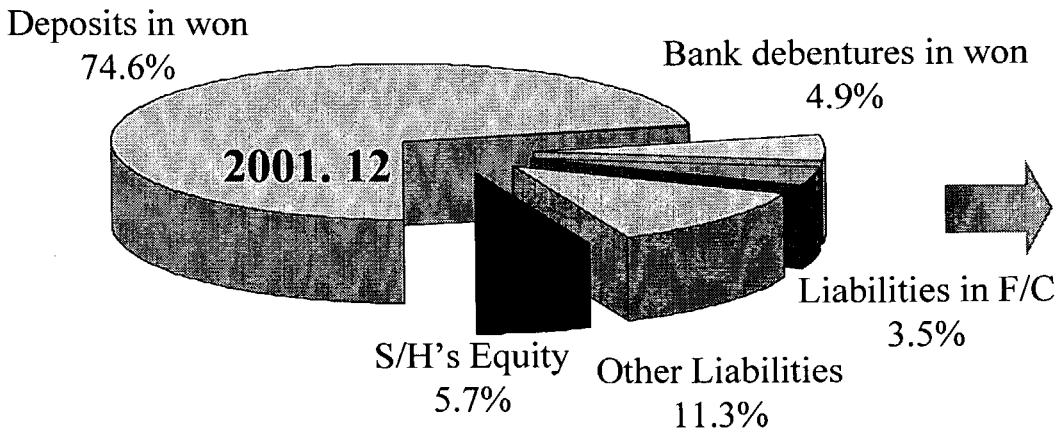
| (tr won) | 1H 2002 | FY2001 | Net chg (YTD) | FY2000 |
|---|---|---|---|---|
| Loans in Won | **105.0** | 94.7 | 10.9% | 83.9 |
| Securities in Won | **30.1** | 32.1 | Δ 6.2% | 28.8 |
| Credit Card Receivables | **5.7** | 4.7 | 21.3% | 3.3 |
| Assets in F/C | **6.2** | 7.0 | Δ 11.4% | 9.2 |
| Others | **14.0** | 18.4 | Δ 23.9% | 16.8 |
| **Total Fund Operating** | **161.0** | **156.9** | **2.6%** | **142.0** |
| Deposits in Won | **120.8** | 117.1 | 3.2% | 104.8 |
| Bank Debentures in Won | **10.5** | 7.7 | 36.4% | 7.9 |
| Liabilities in F/C | **4.4** | 5.5 | Δ 20.0% | 6.4 |
| Others | **15.2** | 17.7 | Δ14.1% | 16.1 |
| Shareholder's Equity | **10.1** | 8.9 | 13.5% | 6.8 |
| **Total Fund Raising** | **161.0** | **156.9** | **2.6%** | **142.0** |

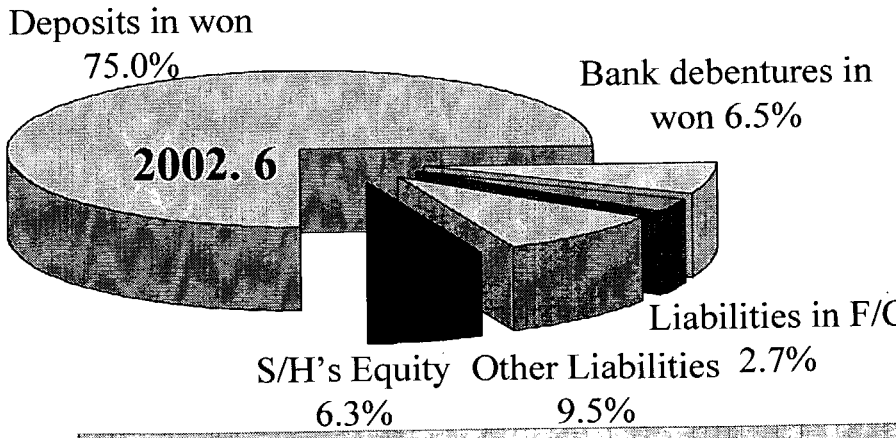
# Fund Operating Portfolio




# Fund Raising Portfolio

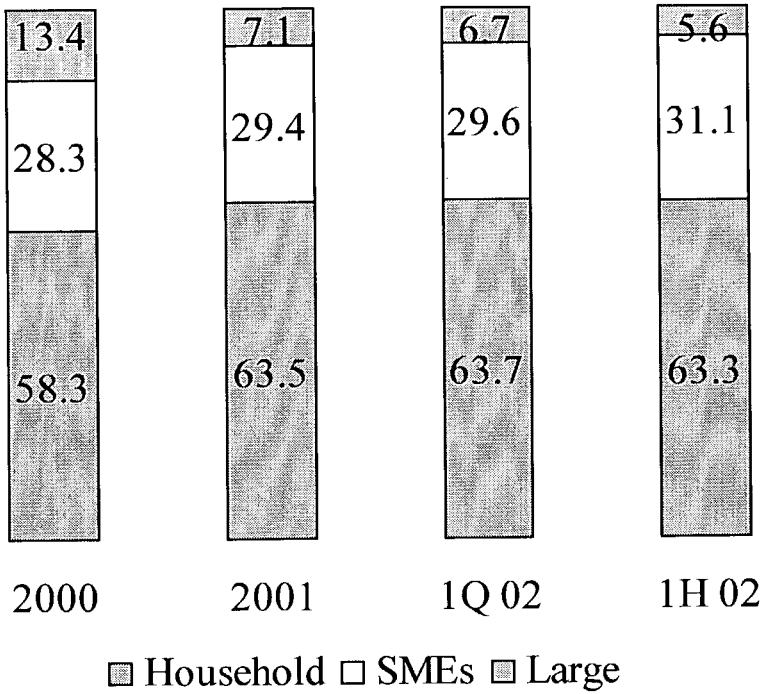


# Loans in Won

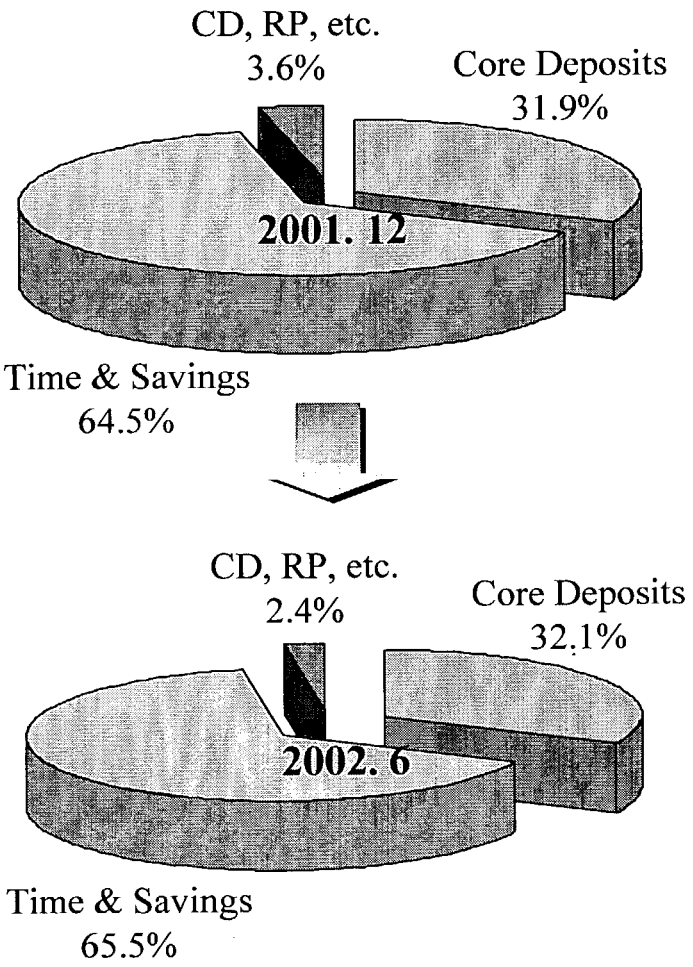
| (tr won) | 1H 2002 | Net Change | | FY 2001 | Net chg (YTD) |
|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | | |
| **Household** | **66.5** | **3.1** | **3.2** | **60.2** | **10.5%** |
| Mortgage | 29.1 | 2.3 | 1.4 | 25.4 | 14.6% |
| General | 37.4 | 0.8 | 1.8 | 34.8 | 7.5% |
| **Corporate** | **38.5** | **2.3** | **1.7** | **34.5** | **11.6%** |
| SME | 32.7 | 3.2 | 1.6 | 27.9 | 17.2% |
| Large corp. | 5.8 | Δ 0.9 | 0.1 | 6.6 | Δ 12.1% |
| **Loans in won** | **105.0** | **5.4** | **4.9** | **94.7** | **10.9%** |

**Loan Compositions(%)**



# Deposits in Won

| (tr won) | 1H 2002 | Net Change | | FY 2001 | Net chg (YTD) |
|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | | |
| Core Deposits | **38.8** | 0.9 | 0.6 | 37.3 | 4.0% |
| Time & Savings | **79.1** | 0.8 | 2.7 | 75.6 | 4.6% |
| (Time Deposits) | **59.1** | 0.7 | 3.7 | 54.7 | 8.0% |
| CD, RP, etc | **2.9** | Δ 1.2 | Δ 0.1 | 4.2 | Δ31.0% |
| **Total** | **120.8** | **0.5** | **3.2** | **117.1** | **3.2%** |



# Overview

| (bn won) | 1H 2002 | 1Q 2002 | FY 2001 | Year-to-date | |
|---|---|---|---|---|---|
| | | | | Amt change | % Chg |
| Total loans for NPL management | **122,661.2** | 118,006.1 | 112,919.5 | 9,741.7 | 8.6% |
| Precautionary | **4,786.2** | 4,562.5 | 4,620.5 | 165.7 | 3.6% |
| Substandard | **2,528.5** | 2,473.6 | 2,484.4 | 44.1 | 1.8% |
| Doubtful | **792.0** | 1,276.3 | 1,221.7 | Δ 429.7 | Δ 35.2% |
| Estimated Loss | **228.7** | 285.6 | 308.6 | Δ 79.9 | Δ 25.9% |
| Substandard & below loans | **3,549.2** | 4,035.5 | 4,014.7 | Δ 465.5 | Δ 11.6% |
| Substandard & below/total loans | **2.89%** | 3.42% | 3.56% | - | Δ 0.67%p |
| LLR/substandard & below loans | **65.6%** | 64.1% | 61.3% | - | 4.3%p |
| NPLs Sold | **-** | - | 1,333.3 | - | - |
| Write-offs | **788.1** | 186.6 | 1,862.4 | - | - |

# Provisioning by Loan Types

| (bn won) | 1H 2002 | Quarterly Provisions | | FY 2001 | 1H 2002 | |
|---|---|---|---|---|---|---|
| | | 2Q 02 | 1Q 02 | | Substandard & Below | LLR |
| Household | **529.3** | 413.1 | 116.2 | 463.7 | 1,076.0 | 1,053.4 |
| General | **309.0** | 269.6 | 39.4 | 254.2 | 870.6 | 842.4 |
| Credit Cards | **220.3** | 143.5 | 76.8 | 209.5 | 205.4 | 211.0 |
| Corporate | **60.0** | Δ 43.7 | 103.7 | 892.4 | 2,473.2 | 1,274.1 |
| **Total** | **589.3** | **369.4** | **219.9** | **1,356.1** | **3,549.2** | **2,327.5** |

# Delinquency

| Classification | 1H 2002 | 1Q 2002 | FY2001 | 1H 2001 |
|---|---|---|---|---|
| Household | **2.45%** | 2.29% | 2.23% | 2.59% |
| General Household | **1.89%** | 1.80% | 1.78% | 2.20% |
| Credit Cards | **9.03%** | 8.52% | 8.04% | 8.13% |
| (below one month past due) | **3.52%** | 2.78% | 2.55% | 2.57% |
| Corporate | **2.48%** | 2.77% | 2.93% | 3.30% |
| SME | **3.10%** | 2.93% | 3.30% | 4.18% |
| Large Corporate | **0.83%** | 2.44% | 2.10% | 1.61% |
| **Total** | **2.46%** | **2.48%** | **2.51%** | **2.90%** |

# Key Financial Indicators

| Classification | 1H 2002 | FY 2001 | Net Change |
|---|---|---|---|
| ROA (%) | *1.48 | 0.98 | 0.5%p |
| ROE | *23.47 | 18.16 | 5.31%P |
| BIS | **10.20 | 10.23 | Δ 0.03%p |
| Tier I | 7.40 | 7.09 | 0.31%p |
| Cost-Income Ratio | 36.4 | 42.2 | Δ 5.8%p |
| Loan-to-Deposit Ratio | 88.2 | 82.5 | 5.7%p |
| BPS (won) | 31,745 | 29,742 | 2,003 |
| EPS | *7,329 | 4,959 | 2,370 |

* Annualized

** Estimated

# I. Financial Overview

# II. Progress on Integration

1. IT Integration
2. Branch Streamlining
3. Subsidiary Restructuring

# IT Integration

## Progress on Integra

❑ **Target Schedule**

| 2002. 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|
| Gap Analysis | Architecture/Develop/Unit Testing | | | System Testing | | Implementation Testing | | System Stabilization |

Integration complete

❑ **Key infrastructures**

☞ **Build Infrastructure with Sysplex System for high volume transactions and fail-free operations**

⇒ Consolidate multi-units into one image and operate non-stop 24 hrs/365 days

⇒ Capacity to manage 1,000 transactions per second

☞ **Establish Business Recovery System**

⇒ Prepare for unexpected system failures

⇒ Immediately recover systems for all branches and related offices

☞ **Construct High Speed Dual Path Communication System**

⇒ Ensure high availability with dual path communication line for major networks and distribution channels

❑ **Related Expenses**

(bn won)

| Sysplex | BRS | Communication Infra | Total |
|---|---|---|---|
| 83.7 | 47.8 | 28.0 | 159.5 |

# Branch Streamlining

## ❑ Target Schedule

IT Integration complete

| 2002. 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|
| Sort out branches for review and make on-site visits | | Review branches for closure<br>Set standard procedures | | Finalize branches to be closed | Start applying standard procedures | | Implement Phase I of branch closures | Continue with branch closures |

## ❑ Target Strategy

☞ Implement systematically and gradually in line with IT integration

- Implement Phase I branch closures upon IT integration and systematically continue with next phased in 2003

☞ Integration, relocation, restructuring (ex. PB, kiosks, etc) of branches to reduce and reconfigure

## ❑ Strategic Sales Branch Expansion

☞ New RM branches: 150 in July 2002 ⇒ 222 in total

☞ New SOHO Business Teams: 300~400 in September 2002

☞ Automated Network Expansion : 2,941 ATMs and 450 bill payment machines

# Subsidiary Restructuring

## ❑ Domestic Subsidiaries

| FY 2001 | 1H 2002 | Remarks |
|---|---|---|
| 13 | 10 | Integration: Kookmin Venture Capital + Frontier Investment + Kookmin Bank Venture Capital<br>Sell-off: KB Investment Trust Management |

## ❑ Targets in Second Half of 2002

☞ **Sell-off : Jooeun Leasing**

- Signed MOU in June, 2002
- Scheduled to sign a contract in August, 2002

☞ **Under dissolution process : Jooeun Industry**

☞ **Integration of credit card businesses:** narrowed-down alternatives are still under consideration and the decision is yet to be made

**"We always welcome you to contact Kookmin Bank!"**

***Thank You!***

Kookmin Bank Investor Relations
E-mail : kmbir@kookminbank.com