

Annual Report 2004
Stable & Strong



Profile

Since its foundation in 1969, Jeonbuk Bank has played an instrumental role in advancing the regional economy and enhancing the quality of life of community members. Of particular note, the Bank takes pride in its proven track record of making financial resources available to small businesses and venture enterprises as well as individual customers. Jeonbuk Bank is a privately owned commercial bank, with more than 48% of its shares being held by individually investors.

Over the years, the Bank has remained committed to delivering a diverse range of innovative financial products and services tailored to the changing needs of our customers. Currently, the Bank operates 69 branches and sub-branches, backed by a workforce of 961 employees. In response to the constantly evolving business environment, Jeonbuk Bank will strive harder to broaden its product portfolio and tighten risk management, while nurturing closer relations with the communities it serves.

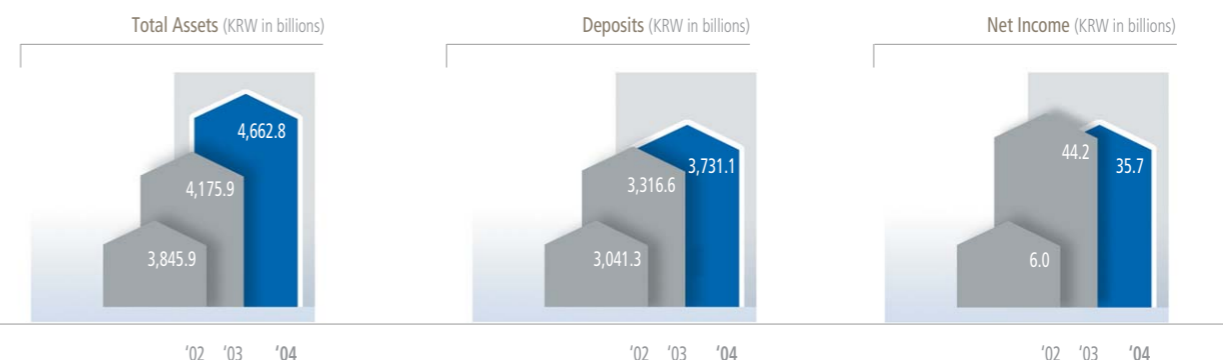
Financial Highlights

	In Millions of Korean Won			In Thousands of U.S. Dollars
	2004	2003	2002	2004
For the year				
Operating revenue	₩ 318,648	₩ 293,689	₩ 271,527	\$ 305,277
Operating expense	283,610	262,390	257,581	271,709
Operating income	35,037	31,298	13,947	33,567
Income before income taxes	35,660	44,164	6,048	34,164
Net income	35,660	44,164	6,048	34,164
At the year end				
Total assets	4,662,830	4,175,909	3,845,879	4,467,168
Cash and due from banks	281,728	286,846	181,495	269,906
Securities	1,020,478	893,882	1,174,577	977,657
Loans	2,971,057	2,622,532	2,118,060	2,846,385
Total liabilities	4,451,755	3,996,681	3,697,825	4,264,950
Deposits	3,731,104	3,316,574	3,041,281	3,574,539
Borrowings	337,505	322,482	272,139	323,343
Total shareholders' equity	211,075	179,229	148,054	202,218
Financial ratio (%)				
ROA	0.83	1.14	0.17	
ROE	18.11	26.58	4.67	
NIM	3.03	2.95	2.88	
BIS capital ratio	10.79	10.79	11.35	
Substandard & below ratio	1.79	1.42	1.74	
EPS (Won, U.S.dollar)	1,079	1,336	183	1

Note: Korean Won amounts have been translated into U.S. dollars at ₩1,043.8 per US\$1.00, the basic exchange rate on Dec. 31, 2004. The above figures include trust accounts.

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JB: A Trusted Community Partner

Jeonbuk Bank is strongly dedicated to facilitating the economic development of Jeonju City and North Jeolla Province, while striving to extend stable financial services to enterprises.

Jeonbuk Bank, established in 1969, is a dominant player in its home market, controlling more than 30% market share in deposits and about 20% in loans. The bank is also dedicated to sustained growth of small and medium-size enterprises, with up to 58% of total loans extended to SMEs at favorable terms. As such, the bank strives harder to meet the funding needs of smaller companies, which serve as a backbone of the regional economy. Furthermore, the bank works to create job opportunities for young people. Indeed, the bank works diligently to build closer relationships with the communities it serves.



A Message from Chairman & CEO



In 2004, Jeonbuk Bank demonstrated much resilience and creativity in recording a number of notable successes as a result of our dedication to innovation and improved profitability. In spite of an adverse operating environment, 2004 was another strong year overall.

Adverse business environment

In fiscal 2004, the market environment for Korea's financial industry presented a slew of challenges. The Korean economy remained stagnant, weighed down by weak consumer confidence and slower corporate investment. Adding to these difficulties were the aggressive efforts of large foreign banks to expand their inroads into Korea's retail banking sector.

Nonetheless, Jeonbuk Bank demonstrated much resilience and creativity in recording a number of notable successes as a result of our dedication to innovation and improved profitability. In spite of an adverse operating environment, 2004 was another strong year overall.

Net income, though not matching the record-high of 44.2 billion won in 2003, amounted to an impressive 35.7 billion won in 2004. ROA and ROE reached 0.83% and 18.11%, respectively.

Despite the drop-off in profitability, the bank's BIS capital adequacy ratio was maintained at a healthy 10.79%, the same level as a year ago.

Net interest margin (NIM) widened slightly to 3.03%, from 2.95% a year earlier, helping the bank to reinforce its financial stability. In addition, Jeonbuk Bank managed to maintain a generally favorable asset quality, with its substandard & below ratio standing at 1.79%, as compared to 1.42% in the previous year.

Throughout 2004, the bank implemented a flurry of initiatives to strengthen its profitability structure, which included efforts to build up niche market sectors and expand lucrative fee-based businesses. Indeed, better-than-expected results were achieved in these endeavors, together with the realization of considerable progress in the development of new, advanced business models.

Of significant note, the bank has fully overcome the serious capital impairment that resulted from the 1997-98 financial crisis. Thanks to the bank's bolstered financial soundness, its capital surplus swelled to 45.8 billion won, which accounts for a 27.7% share of the paid-in capital. In this regard, we have engineered a dramatic reversal in the bank's capital situation, such that we are now in a position to pay out dividends to our shareholders, who have remained loyal to the bank in spite of a lack of dividends in recent years.

Corporate governance

Furthermore, Moody's Investors Service, a leading international credit rating agency, has taken note of the bank's enhanced financial strength in assigning a credit rating of Baa3 (investment-grade ranking) to Jeonbuk Bank in 2004, for the second consecutive year. The Korean Corporate Governance Service of the Korea Stock Exchange also selected Jeonbuk Bank as one of 10 businesses with outstanding corporate governance practices.

The KSE group found that Jeonbuk Bank has aggressively moved forward to protect shareholder rights, strengthen the accountability of the board of directors, and bolster the board's operational efficiency and management transparency as a result of the significantly expanded roles of outside directors. Moreover, the bank's audit activities were favorably assessed for the active involvement of outside directors.

Challenges ahead

In 2005, little significant improvement is expected in the market environment due primarily to a nominal recovery of business activities. There is also concern that robust export shipments, the engine of Korea's economic growth, might lose momentum, as a result of such negative factors as soaring oil prices, cooling of the Chinese economy, and appreciation of the Korean won versus the U.S. dollar.

To compound the difficulty of this situation, foreign-invested banks are expected to accelerate their foray into the consumer banking market in Korea, thereby forcing banks to lock into ever-fiercer competition and relentlessly strive to build up a loyal

client base. In light of these circumstances, it will be imperative for Jeonbuk Bank to further bolster its financial soundness. Instead of pursuing quantitative expansion, the bank will promote sound and sustainable growth. The bank will also increase its bad loan provisions in preparation for the upcoming BIS capital adequacy guidelines (Basel II). In order to achieve our management targets for 2005, we will vigorously implement the following initiatives:

First, we will develop technically advanced marketing initiatives tailored to the new paradigm of the financial industry. The bank will work to enhance its financial performance by taking advantage of the integrated profit-loss management and performance-assessment systems as well as the CRM (Customer Relationship Management) system. Second, we will accelerate efforts to explore new profit sources. The bank will focus on the development of niche market sectors, especially fee-based activities. Related to this, we will strengthen our credit card business, foreign exchange services, trust business, electronic banking, bancassurance, and project financing.

Third, we need to realign our organization to encourage innovation and competition. Disincentives as well as incentives are deemed necessary to instill a sense of productive competition among bank employees and create an innovative corporate culture. Branches with sub-par operating results will receive special management attention in an effort to improve their performance. Fourth, branches will have to reinvigorate their business activities and upgrade the productivity of their staff through Business Process Reengineering.

In closing, I would like to extend the bank's sincere appreciation to our valued shareholders for their resolute support all this while and to ask for their continued loyalty.

Sung-Joo Hong
Chairman of the Board & Chief Executive Officer

Corporate Vision & Management Strategy

The corporate vision for fiscal 2005 is a "Community Bank with a Loyal Client Base." To put this vision into reality, Jeonbuk Bank will remain focused on maximizing profitability, strengthening fee-based services and improving "image banking." Furthermore, the bank will seek to increase management efficiency and create value for shareholders.

Upscale Retail Bank with a Loyal Client Base

2007	Best Community Bank
2005	Community Bank with a loyal client base
	<ul style="list-style-type: none"> Maximize profitability Activate fee-based business Strengthen image banking Enhance management efficiency Expand shareholders' equity
2004	Secure new growth engines
	<ul style="list-style-type: none"> Explore stable profit sources
2003	Best performance; Second Take-off
	<ul style="list-style-type: none"> Pave the way for second take-off Recover from capital impairment
2002	Profit-based clean bank
	<ul style="list-style-type: none"> Overcome the financial crisis Clean out bad debt



Management Goals for 2005

Asset Growth: 9.88% / Deposit Growth: 8.36%

Profitability	Soundness	Stability
ROA/ROE/NIM (%)	Sub & below ratio (%)	BIS ratio(%)
0.61 / 13.17 / 2.97	1.46	10.87



Key Management Strategies for 2005

1) Total assets: ₩5.1 trillion

- Sub & below ratio: 1.46%
- Net profit: ₩29 billion

2) Maximizing Profitability

- Upgrade basic marketing strategies
 - Bolster funding operation capability
 - Minimize bad loans
- ⇒ Growth with Profitability and Soundness

3) Strengthening Image Banking

- Return profit to the community
 - Regionalized product / service / channel
 - Lifetime partner to local citizens
 - Differentiated services for local clients
- ⇒ Maintain Price Competitiveness

4) Expanding Shareholders' Equity

- Increase shareholders' equity for sustainable growth
- Stable share price
- Stable BIS ratio

5) Enhancing Management Efficiency

- Efficient human resource management / cost control
- Upgrade incentive program
- Reinforce risk management
- Build advanced infrastructure

6) Activating Fee-based Business

- Expand cross-selling of products
 - Activate project financing
 - Increase commissions & fees
- ⇒ Secure New Profit Source



Chang-Hwan Kim Senior Executive Officer / Chief of Management Supporting Unit

I am confident that Jeonbuk Bank will be able to maintain its competitive advantage in North Jeolla Province thanks to the bank's extensive marketing network and the staunch loyalty of our client base. Currently, Jeonbuk Bank maintains a 40-branch network in Jeonju, whereas there is only a single branch being operated by a foreign global bank. Since we embrace small-scale customers and a multiple-client approach, there is little possibility that our market leadership will be eroded in the foreseeable future.

Corporate Governance

Noteworthy achievements of the bank's corporate governance included the adoption of a corporate ethical code for the protection of shareholders. The bank also promoted minority shareholder rights by adopting a cumulative voting system.

In 2004, Jeonbuk Bank was selected as one of 10 businesses with outstanding corporate governance practices, attesting to the excellence of our governance systems and management transparency. The Korean Corporate Governance Service (KCGS) of Korea Stock Exchange annually recognizes 10 domestic businesses for their exceptional corporate governance practices, in an effort to encourage Korean enterprises to further enhance their corporate governance.

In regard to its selection of Jeonbuk Bank, KCGS noted that the bank has put forth strenuous efforts to improve its corporate governance that have yielded notable results in various areas. Of special note, KCGS was impressed with the bank's efforts to protect shareholder rights, strengthen accountability of the board of directors, and enhance the board's operational efficiency and management transparency. Moreover, the bank's comprehensive audits were positively assessed as well. In late 2003, the bank was incorporated into the Korea Corporate Governance Stock Price Index (KOGI), which consists of the 50 top-ranked enterprises in terms of corporate governance.

The bank's Board of Directors oversees the Governance Committee, Management Development Committee, Risk Management Committee, and Audit Committee. Aside from the Governance Committee, all committees are headed by outside directors. The bank also maintains a compliance officer to monitor staff compliance with relevant laws and regulations.

In 2004, the Governance Committee was convened twice, on Mar. 19 and Dec. 10, which included the participation of Chairman & CEO Sung-Joo Hong and three outside directors. On Feb. 24, 2005, the committee was convened to select proposed candidates to serve as standing directors and discuss related matters. The Management Development Committee convened five sessions in 2004, during which three outside directors discussed proposals for adjusting the compensation for bank directors and other agenda matters.

The Risk Management Committee, also comprised of three outside directors, held five meetings in 2004 to discuss such matters as the interest rates of subordinated bonds issued by the bank and adjustment of risk limits. Meanwhile, the Audit Committee, which is headed by an outside director, consists of two outside directors and the standing auditor. The committee convened seven sessions in 2004 and another two in early 2005.

According to KCGS, noteworthy achievements of the bank's corporate governance included the adoption of a code of ethical corporate conduct for the protection of shareholders. The bank also promoted minority shareholder rights by adopting a cumulative voting system and a proxy voting measure. There was also an instance in which a proposal introduced by minority shareholders was approved during a general meeting of shareholders. In addition, outside directors play prominent roles in all the supervisory committees overseen by the Board of Directors, including the Governance Committee.

Core Strengths of Jeonbuk Bank

In 2004, total assets were up 11.63% over the previous year, while total loans recorded an equally impressive growth of 15.07%. The bank also managed to maintain a favorable asset quality among domestic banks, thanks to its reinforced financial foundation.

- **Asset growth: 11.63%, Sub & below ratio: 1.79%**

Despite a difficult market environment in fiscal 2004, Jeonbuk Bank realized outstanding results in asset growth and profitability as well as asset quality. In 2004, total assets were up 11.63% over the previous year, while total loans recorded an equally impressive growth of 15.07%. However, ROA and ROE slipped 0.31% points and 8.47% points, respectively, year-on-year, to 0.83% and 18.11%. The bank's BIS capital adequacy ratio remained unchanged at 10.79%, while its substandard & below ratio worsened somewhat to 1.79%, from 1.42% a year earlier. Nevertheless, the bank managed to maintain a generally favorable asset quality among domestic banks, thanks to its reinforced financial foundation.

- **Moody's assigns stable outlook to Jeonbuk Bank**

Moody's Investors Service has assigned a stable outlook for Jeonbuk Bank in 2004, for the second consecutive year. Moreover, Moody's assigned ratings of Baa3/Prime-3 to the bank's long-term/short-term deposits, along with a bank financial strength ranking of D-, which all reflect a stable outlook.

- **Dominant market presence in North Jeolla Province**

The bank's share of deposits of North Jeolla Province, including Jeonju City, expanded from 31.4% in the previous year to an estimated 32.9% in 2004, confirming its dominant market presence in the regional financial services sector. In addition, the bank's share of loans in the province also expanded to 22.4%. The bank's service network currently includes 69 branches and 60 cash corners equipped with 295 CD/ATMs, which are in operation 365 days a year. Bank customers totaled some 1.47 million in 2004, accounting for 75% of the province's resident population.

- **Advanced ALM System in operation**

Jeonbuk Bank has installed a cutting-edge ALM (Asset & Liability Management) System that will enable the bank to more effectively manage its assets and liabilities. The ALM System, a state-of-the-art package based on technology of Oracle Corporation, commenced regular operation on Nov. 29, 2004. This system (OFSA package) allows the bank to manage interest rate risks for optimal profitability and portfolio value. The bank is also able to evaluate various scenarios to assess the potential impact on profit and loss performance of variations in interest rates and the amount of funds involved.

Establishment of an extensive ALM database based on risk management information will allow the bank to develop an integrated risk management system to assure compliance with the new BIS capital adequacy guidelines (Basel II). Overall, the ALM System will contribute significantly to the enhancement of bank profitability.

JB: Dedicated to Increased Interaction

Jeonbuk Bank has provided generous financial contributions to the communities in which it operates to enhance the quality of life of people and spur regional development.

Based on its management tenets, Jeonbuk Bank has continued to display compassion of a human spirit toward the underprivileged persons and those in need. Of particular note, the bank has tried to alleviate the hardship of people struck by natural disasters, such as flooding and droughts. Going further, the bank has been active in promoting artistic and cultural activities in local communities. The bank will always strive to fulfill its obligation as a responsible corporate citizen. In 2004, the bank contributed a total of 3,728 million won to worthy causes, up a hefty 22.1% from a year earlier. About 11% of the total was used as scholarships to young students.



Highlights of 2004

• **IR sessions held in Hong Kong, Singapore, New York**
 Jeonbuk Bank has conducted a series of IR sessions for foreign investors in leading global markets. During March 29-31, 2004, IR sessions were presented in Hong Kong and Singapore to publicize to foreign investors the bank's exceptional performance, in terms of profitability and asset quality. Investor relations sessions were also held in New York City in May 2004.

In fiscal year 2003, the bank achieved a record-high 44.2 billion won of net income, which enabled ROE to soar to 26.58%. Furthermore, asset quality registered a dramatic improvement as well, with the bank's substandard & below ratio being lowered to 1.42%, the best among domestic banks. As a result, foreign investor ownership of the bank's outstanding shares jumped to 12.09% at the end of 2004, from a mere 0.25% at the beginning of the year.

• **JB records \$100 million in foreign exchange transactions**
 The bank recorded significant growth in its foreign exchange and remittance services. The bank handled a total of \$100 million in foreign exchange and remittance of foreign currencies from Jan. 1 through Nov. 17, 2004, representing a 55% increase over the same period of 2003. Since the time of his appointment in 2001, Chairman & CEO Sung-Joo Hong has

stressed the importance of substantially expanding the bank's fee-based activities in order to broaden its revenue base. The bank's import-export activities amounted to \$45 million in 2002, \$41 million in 2003, and \$74 million in 2004.

• **Chairman & CEO Hong conferred Gold Order from Korean Red Cross**

Jeonbuk Bank Chairman & CEO Sung-Joo Hong was conferred the Gold Order of Membership Merit from the Korean Red Cross on Nov. 5, 2004, in recognition of his financial contributions to the Red Cross. In another development, Chairman & CEO Hong distributed a book to the bank's senior managers that featured humorous tips on how to handle various business situations, which could be helpful in their dealings with clients.

• **Mini concerts for bank customers**

In the afternoon of Apr. 29, 2004, the Seogok Branch presented a one-hour mini concert at its office for the entertainment of bank customers. A group of three amateur musicians (saxophonist, drummer and guitarist) performed a medley of pop songs to the delight of customers who packed the office floor. There are plans to organize additional mini concerts at the branch or nearby parks to satisfy the cultural appetite of customers.

Social Commitment of Jeonbuk Bank

In 2004, the bank contributed a total of 3,728 million won to worthy causes, up a hefty 22.1% from a year earlier. Financial assistance was extended to help alleviate the plight of those in need.

Jeonbuk Bank, which is steadfastly dedicated to promoting the welfare of the communities that it serves, continues to return a share of its profits to society as an expression of its compassion for the underprivileged and needy.

In 2004, the bank contributed a total of 3,728 million won to worthy causes, up a hefty 22.1% from a year earlier. Financial assistance was extended to help alleviate the plight of those in need, including orphans, minors who serve as heads of households, and senior citizens. Contributions were also provided for the promotion of cultural, sporting, and various social activities.

Major contributions included 900 million for Jeonbuk Credit Guarantee Foundation; 624 million won for the regional program to promote Muju as the venue for the 2014 Winter Olympics; 424 million won for scholarship aid for college students; 200 million won for the 2004 Jeonju Film Festival; and 110 million won for construction of an automotive parts innovation center. In addition, 44 million won of support was provided to a project for establishing a model village of traditional Korean-style homes; 30 million won to the Jeonju Paper Festival; and 20 million won for a support center for electronic transactions.

Moreover, bank employees regularly contribute their time and effort to provide assistance to less fortunate residents, as evidenced by the following examples of their heart-warming generosity:

Members of the bank's Regional Volunteer Service Corps in Iksan, North Jeolla Province, hosted a "HOF-HOPE-HAPPY DAY" fund-raiser on Dec. 22, 2004 to assist destitute elderly residents without family members to rely on. A large number of Iksan residents as well as bank staff turned out at the charity event, where there was an outpouring of compassion for disadvantaged neighborhoods.

About 40 bank employees donated yeontan (coal briquettes) on Nov. 16 to elderly residents living alone and lower-income families in the Wansan ward area of Jeonju. It took more than two hours to deliver 10,000 pieces of yeontan to the disadvantaged households in Wansan.



Jeonbuk Bank recorded \$100 million in foreign exchange transactions.

Chairman Hong was conferred Gold Order from Korean Red Cross.



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• Selected Financial Data

	(KRW in billions)		
	2004	2003	2002
Statements of operations			
Total assets	4,669.2	4,182.6	3,861.3
Total deposits	3,740.1	3,324.0	3,057.8
Loans	2,754.2	2,393.4	1,960.0
Total liabilities	4,466.5	4,007.4	3,697.8
Shareholders' equity	211.1	179.2	148.1
Provisions for loan loss (balance)	41.3	36.1	28.4
Per Share Data (Won)			
Earnings per share (EPS)	1,079	1,336	183
Book value per share (BPS)	6,384	5,421	4,479
Payout ratio	27.8	3.7	-
Profitability Ratios (%)			
ROA	0.83	1.14	0.17
ROE	18.11	26.58	4.67
NIM	3.03	2.95	2.88
Asset Quality (%)			
Sub & below ratio	1.79	1.42	1.74
BIS ratio (%)	10.79	10.79	11.35
Tier 1	6.96	7.04	6.30
Tier 2	3.83	3.75	5.05

Note: 1) Including trust accounts as of balance of the year-end
 2) The above figures are calculated on Financial Supervisory Service guidelines

• Overview

The regional economy showed signs of improvement in such key areas as private consumption and construction investment during the fourth quarter of 2004, according to unofficial figures.

Sales of large-scale retailers, including department stores, in North Jeolla Province recorded a dramatic 25.3% jump during the fourth quarter of 2004, from a year earlier. In comparison, sales contracted 9.4% during 2003. Private consumption was down 10.8% in the first quarter of 2004, but returned to positive territory, with growth of 31.5% in the second quarter and 8.2% in the third quarter.

Construction investment also rebounded during the September-December period of 2004, finally reversing its downward slide. Recently, construction investment had declined 5.7% in 2003; 12.1% in the first quarter of 2004; 73.8% in the second quarter; and 42.6% in the third quarter. However, the overall default ratio worsened somewhat, reaching 0.8% during the fourth quarter, as compared to 0.5% throughout 2003.

• Profit Performance

In 2004, interest income was up 5.2% over the prior year, to 241.9 billion won, on the back of a sharp 16.3% increase in interest on loans. In contrast, interest on securities slipped 24.8% to 45.7 billion won, while inter-bank advances inched up 600 million won, year-on-year.

Influenced by an extended low interest-rate market environment, interest expenses continued to trend downward. Compared to 2003, last year's interest expenses were reduced by 2.1%. Interest on deposits declined 4.9%, while interest on debentures and borrowings posted moderate increases. As a consequence, net interest income in 2004 widened to 123.2 billion won, a gain of 13.4% from the previous year. The net interest margin (NIM) also improved to 3.03%, up 0.08% points from a year earlier, thanks to the stability of market interest rates and enhancement of asset quality. In 2003, the NIM was up 0.07% points over the year earlier. The net interest spread (NIS) also widened to 3.82% from 3.75%.

Of note, operating income surged 11.8%, year-on-year, to 35.0 billion won; however, net income fell 19.2% to 35.7 billion won, due in large part to increases in loan-loss provisions as well as selling, general and administrative (SG&A) expenses. In 2005, net income is expected to further decrease due to payment of income taxes.

	(KRW in billions)		
	2004	2003	2002
Interest income	241.9	229.9	234.9
Interest on loans	189.6	163.1	153.2
Interest on securities	45.7	60.8	74.4
Interest on due from banks & others	6.6	6.0	7.3
Interest expenses	118.7	121.3	138.5
Interest on deposits	97.1	102.1	114.0
Interest on debentures	7.5	6.8	9.1
Interest on borrowings & others	14.1	12.4	15.4
Net interest income	123.2	108.6	96.4
NIM (%)	3.03	2.95	2.88
NIS (%)	3.82	3.75	3.79
Non-interest income (net)	(5.5)	(1.2)	(1.41)
SG&A	82.7	76.1	68.4
Operating income	35.0	31.3	13.9
Income before Income taxes	35.7	44.2	6.0
Net income	35.7	44.2	6.0
Income before loan Loss provisions	62.7	64.1	39.8

• Funding

In 2004, total deposits posted a significant growth of 10.6% over the previous year to 3.58 trillion won, of which 3.33 trillion won (92.9%) were denominated in the Korean currency. Demand-type and savings-type deposits expanded 18.8% and 1.3%, respectively, reflecting the bank's aggressive push to attract more low-cost deposits. Corporate current accounts recorded a solid 7.0% growth as well. However, the portion of low-cost deposits to total deposits slipped to 31.5% in 2004, from 32.9% a year earlier, due to a slight downturn in the deposits of public funds by local government entities.

Meanwhile, brisk sales of CDs and RPs resulted in notable gains of 32.9 billion won and 61.6 billion won, respectively. Money in trust fell 6.8%, year-on-year.

	(KRW in billions)		
	2004	2003	2002
Deposits	3,586.5	3,242.5	3,084.6
(demand-type 1)	273.8	231.4	199.8
(savings-type 2)	681.7	672.9	645.7
(corporate current account 3)	174.9	163.4	178.5
CDs	39.9	7.0	13.3
RPs	181.7	120.1	139.1
Checking	1.9	1.4	1.2
Money in trust	31.7	34.0	47.4
Low-cost deposits (1+2+3)	1,130.4	1,067.7	1,024.0
Low-cost deposit ratio	31.52	32.93	33.20

Note: Average balance/low-cost deposits : balance of the year-end

	(KRW in billions)		
	2004	2003	2002
Total funding	4,185.5	3,778.5	3,536.8
Cost funding	3,840.6	3,450.4	3,261.7
Funding in Won	3,722.0	3,388.3	3,244.1
Deposits	3,243.1	2,998.1	2,806.4
CDs	39.9	7.0	13.3
Borrowings	128.4	138.8	140.7
Debentures	99.5	90.2	123.6
Others	211.1	154.2	160.1
Funding in F/C	118.6	62.1	17.6
Borrowings in F/C	114.7	56.9	11.8
Others	3.9	5.2	5.8
No-costing funding	344.9	328.1	275.1
Shareholders' equity	196.9	166.2	129.6
Others	148.0	161.9	145.5

Note: Bank accounts/average balance

• Asset Quality

Loan portfolio

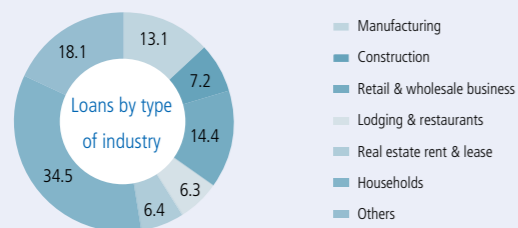
	(KRW in billions)		
	2004	2003	2002
Corporations	1,601.2	1,456.4	1,212.0
(SMEs)	1,533.4	1,400.8	1,139.8
(Large corporations)	67.8	55.6	72.2
Households	935.5	738.9	638.7
Public organizations & Facility expansion	106.6	121.2	83.3
Total (in Korean Won)	2,643.3	2,316.5	1,934.0

Note: Balance of the year-end

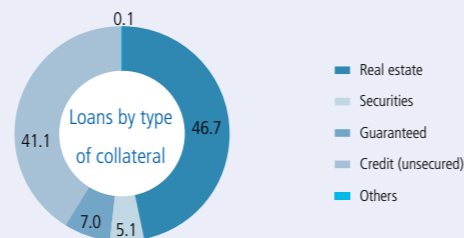
The balance of loans outstanding in 2004 was up a sharp 14.1%, over the previous year, amounting to 2.64 trillion won. This positive result was in large part attributed to robust growth of loans extended to corporations and households. Loans to SMEs (small and medium-size enterprises) and to large-scale corporations increased by 132.6 billion won (9.5%) and 12.2 billion won (21.9%), respectively. Lending to households amounted to 935.5 billion won, up 26.6%, year-on-year.

As expected, household loans accounted for the largest portion of 34.5% of total loans extended in 2004. The balance of loans extended in the year stood at 2,811.7 billion won. Loans to whole & retail sales businesses accounted for 14.4% (405.2 billion won), manufacturing 13.2% (369.9 billion won) and construction 7.2% (201.3 billion won). Next came real estate business (6.4%) and lodging & restaurants (6.3%).

(Unit: %)



(Unit: %)



Influenced by rapid growth of the bank's loan portfolio in 2004, substandard & below loans were up by a considerable extent. Substandard & below loans swelled 15.4 billion won, from the prior year, equal to a 44.3% increase. This situation resulted primarily from the bank's lack of success in disposing of or writing-off more significant amounts of non-performing loans in 2004

Nevertheless, the bank maintained a relatively favorable substandard & below ratio of 1.79%, as compared to 1.42% a year earlier. Despite an increased balance of loan loss provisions, coverage ratio narrowed to 82.3%, from 103.7 in the previous year, due to the expansion of substandard & below loans.

By type of borrower, the substandard & below loan ratio for corporations increased to 1.94% in 2004, from 1.35% a year ago, as a result of the sharp increase (10.6%) in corporate loans. Meanwhile, loans to households surged 26.6%, year-on-year, amounting to 935.5 billion won. For household borrowers, substandard & below loans amounted to 12.9 billion won, compared to 9.8 billion won a year earlier. Consequently, the substandard & below loan ratio edged up to 1.38% from 1.33%. Coverage ratio stood at 113.18%, slightly lower than the previous year's 121.43%. On the other hand, the substandard & below ratio for credit card accounts declined to 4.02% from 5.18%, thanks to the bank's aggressive campaign to carefully monitor delinquent credit cardholders.

Asset classification (overall)

	(KRW in billions)		
	2004	2003	2002
Normal	2,693.1	2,336.6	1,951.3
Precautionary	68.4	77.4	47.0
Substandard	26.4	13.8	21.7
Doubtful	17.0	15.4	9.6
Estimated loss	6.8	5.6	4.1
Total loans	2,811.7	2,448.8	2,033.7
Sub & below loans	50.2	34.8	35.4
Sub & below ratio (%)	1.79	1.42	1.74
Balance of loan loss reserve	41.3	36.1	28.4
Coverage ratio (%)	82.27	103.74	80.23

Asset classification (corporations)

	(KRW in billions)		
	2004	2003	2002
Total loans	1,833.9	1,657.8	1,326.7
Normal	1,751.2	1,583.6	1,268.6
Precautionary	47.1	51.9	30.2
Substandard	21.4	10.3	20.1
Doubtful	9.9	8.8	5.1
Estimated loss	4.3	3.2	2.7
Sub & below loans	35.6	22.3	27.9
Sub & below ratio (%)	1.94	1.35	2.10
Balance of loan loss provisions	24.9	21.4	17.3
Coverage ratio (%)	69.94	95.96	62.01

Sub & below ratio trend



Asset classification (households)

	(KRW in billions)		
	2004	2003	2002
Total loans	935.5	738.9	638.7
Normal	902.0	705.5	620.7
Precautionary	20.6	23.6	14.0
Substandard	5.0	3.5	1.6
Doubtful	6.0	5.0	2.1
Estimated loss	1.9	1.3	0.3
Sub & below loans	12.9	9.8	4.0
Sub & below ratio (%)	1.38	1.33	0.63
Balance of loss loan provisions	14.6	11.9	7.5
Coverage ratio (%)	113.18	121.43	187.50

Loan Classification (credit card)

	(KRW in billions)		
	2004	2003	2002
Total loans	42.3	52.1	68.3
Normal	39.9	47.5	62.0
Precautionary	0.7	1.9	2.8
Substandard	-	-	-
Doubtful	1.1	1.6	2.4
Estimated loss	0.6	1.1	1.1
Sub & below loans	1.7	2.7	3.5
Sub & below ratio (%)	4.02	5.18	5.12
Balance of loss loan provisions	1.8	2.8	3.6
Coverage ratio (%)	105.88	103.70	102.86

• Capital adequacy

As of the 2004 year-end, total shareholders' equity amounted to 211.1 billion won, an impressive gain of 17.8%, or 31.9 billion won, over the previous year. Retained earnings expanded dramatically from 9.6 billion won a year ago to 41.3 billion won in 2004, despite a decline in net income. As a result, accumulated earnings surged to 45.8 billion won in 2004, from 13.9 billion won.

BIS capital was up 19.4% to 310.0 billion won, but the BIS capital adequacy ratio remained unchanged at 10.79%. Tier 1 capital ratio declined to 6.96%, while Tier 2 capital ratio edged up to 3.83%. Risk-weighted assets increased 19.5% to 2,874.2 billion won.

	(KRW in billions)		
	2004	2003	2002
Paid-in capital (a)	165.3	165.3	165.3
Capital surplus	0.2	0.2	-
Retained earnings	41.3	9.6	(34.5)
Net income	35.7	44.2	6.0
Capital adjustments	4.3	4.1	17.3
Shareholders' equity (b)	211.1	179.2	148.1
Accumulated earnings (c=b-a)	45.8	13.9	(17.2)
BIS capital	310.0	259.6	231.4
Tier 1	200.1	169.3	128.5
Tier 2	109.9	90.3	102.9
Risk-weighted assets	2,874.2	2,405.9	2,037.8
Equity capital ratio*(%)	4.39	4.22	3.86

Note: 1) Equity capital here refers to shareholders' equity deducted by tangible assets
2) Balance of the year-end

• Share Price

The bank's share price soared 21.7% as of the end of 2004, from a year earlier, influenced by its solid financial performance and the overall upturn in domestic share prices. Book value per share (BPS) in 2004 rose by 5,421 won from the previous year to 6,384 won. The gap between the share price and BPS stood at 1,984 won (45.1% of share price) as of the 2004 year-end. Meanwhile, earnings per share (EPS) amounted to 1,079 won, a decline of 257 won.

Foreign ownership of Jeonbuk Bank shares rose sharply to 12.09 as of the end of 2004, from 0.25% a year earlier, reflecting the bullish confidence of foreign investors in the bank.

	(KRW in billions)	
	2004	2003
Net income	35.7	44.2
Net assets	211.1	179.2
Total shares issued (1,000)	33,064	33,064
Share price (as of Dec. 31)	4,400	3,615
Earnings per share (Won)	1,079	1,336
Book value per share (Won)	6,384	5,421
Price earning ratio (%)	4.08	3.39
Price book value ratio (%)	0.69	0.67
Discount ratio (%)	(31.0)	(33.0)
Foreign ownership (%)	12.09	0.25

• Credit Ratings

The credit rating assigned to Jeonbuk Bank by Moody's Investors Service in 2004 remained unchanged, as a reflection of the bank's favorable profitability results. Korea's two ratings agencies are in processes of finalizing the bank's credit evaluation.

	(KRW in billions)	
	2004	2003
Long-term deposit rate	Baa3	Baa3
Short-term deposit rate	Prime-3	Prime-3
Bank financial strength rate	D-	D-
Outlook	Stable	Stable

• Dividends

	(KRW in billions)		
	2005 (target)	2004	2003
Shareholders' equity	233.6	211.1	179.2
Paid-in capital	170.3	165.3	165.3
Max. possible dividends	41.9	28.7	1.9
Dividend ratio (%)	-	6.0*	1.0
Dividend yield (%)	-	6.8	1.4
Payout ratio (%)	-	27.8	3.7

Note: 1) * cash 3% + stock 3%
2) Dividend yield=dividend/stock price as of the end of 2004

• Basel II

In June 2003, the bank set up a task force to prepare for the new Basel Capital Accord (Basel II). The bank will adopt a "Foundation International Rating Based Approach" for its credit risk measurement. However, at the start of enforcement of Basel II, the "Standardized Approach" will be utilized in conjunction with the Foundation International Rating Based Approach. In January 2005, the bank developed an integrated asset management system and a credit assessment system in cooperation with Korea Investors Service, Inc. Basel II is slated to become effective in late 2006.

A Quantitative Impact Study simulation conducted in 2004 found that the bank's BIS ratio was not vulnerable to any serious impacts, as of the end of March 2004. Since loans to SMEs of under 1 billion won will be classified as retail loans, this will prove advantageous to Jeonbuk Bank, which is well versed in the management of large numbers of small-amount consumer loans.

In the year under review, the bank's shareholders' equity rose 17.8% over a year earlier on the back of increased retained earnings. Of note, the bank plans to raise its paid-in-capital to 170 billion won in 2005, a gain of 4.7 billion won over a year earlier. Meanwhile, Jeonbuk Bank raised its dividend ratio to 6.0% from 1.0% a year earlier to return profit to our shareholders. The payout ratio swelled to 27.8% from 3.7% as well.

• Risk Management

The Risk Management Team is striving to place operation of the bank's Assets-Liabilities Management System (ALM) on a solid footing. In addition, the team will move forward with the development of a market risk management system to upgrade its market risk oversight to an advanced level.

In order to fortify credit risk management activities, the bank will integrate management of loan exposure by borrower type and assess credit risks based on VaR methodology. VaR is a generally accepted risk measurement system that utilizes statistical models to estimate the maximum loss in market value that the bank's investment portfolio could incur in the event of a volatile market environment.

To maximize the effectiveness of its risk management system, Jeonbuk Bank operates a Risk Management Committee (RMC), which is comprised of two outside directors and an Deputy Chief Executive Officer. An outside director chairs the committee, which develops overall risk management guidelines for the ultimate goal of optimizing risk exposure for long-term profitability. The RMC convenes on a monthly basis.

Non-Consolidated Balance Sheets

AS OF DECEMBER 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
ASSETS			
Cash and Due from Banks	₩ 275,110,183	₩ 283,845,853	\$ 263,566
Cash on Hand	65,075,542	64,323,717	62,345
Foreign Currency	5,397,979	5,527,399	5,171
Due from Banks in Won	193,913,804	210,866,224	185,777
Due from Banks in Foreign Currency	10,722,857	3,128,513	10,273
Securities	1,009,441,543	878,058,065	967,083
Trading Securities	121,393,297	81,988,874	116,299
Government and Public Bonds	20,884,348	3,005,363	20,008
Finance Debentures	49,710,949	78,983,511	47,625
Beneficiary Certificate	50,798,000	-	48,666
Available-for-sale Securities	250,793,505	374,606,449	240,270
Stocks	804,775	2,226,725	771
Equity Investment	190,000	1,649,053	182
Government Bonds	75,493,005	77,202,214	72,325
Finance Debentures	60,091,661	205,076,175	57,570
Corporate Bonds	25,236,289	67,963,881	24,177
Beneficiary Certificate	67,757,775	20,488,400	64,915
Others	21,220,000	-	20,330
Held-to-maturity Securities	637,254,741	421,462,743	610,514
Government Bonds	153,084,074	126,522,167	146,660
Finance Debentures	305,794,972	144,632,098	292,963
Corporate Bonds	178,282,388	135,215,166	170,801
Others	93,307	15,093,312	89
Loans	2,970,322,552	2,622,021,797	2,845,682
Allowance for Possible Loan Losses	(41,925,987)	(37,094,982)	(40,167)
Loans in Won	2,643,248,777	2,316,453,961	2,532,333
Loans in Foreign Currency	92,368,628	65,410,870	88,493
Domestic Import Usance Bills	17,450,847	9,760,427	16,719
Bills Bought in Won	38,447,200	34,395,319	36,834
Bills Bought in Foreign Currency	7,817,566	2,805,287	7,490
Advances for Customers	400,000	1,159,796	383
Credit Card Receivables	42,318,423	52,131,118	40,543
Bonds Repurchase under Resale Agreements	20,000,000	17,000,000	19,161
Call Loans	149,697,100	160,000,000	143,416
Private Placement Corporate Bonds	500,000	-	479
Fixed Assets	137,136,079	137,951,070	131,382
Tangible Assets	186,073,606	181,951,652	178,266
Accumulated Depreciation	(51,277,609)	(46,306,613)	(49,126)
Intangible Assets	2,333,217	2,306,031	2,235
Non-Business Assets	₩ 6,865	₩ -	\$ 7

KRW 1,043.8 / 1 USD (as of Dec. 31, 2004)

continued

Non-Consolidated Balance Sheets

AS OF DECEMBER 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
Other Assets	₩ 250,315,244	₩ 232,694,516	\$ 239,812
Guarantee Deposits	21,004,302	19,996,372	20,123
Accounts Receivable	5,190,878	1,553,336	4,973
Accrued Income	47,849,580	41,828,020	45,842
Prepaid Expenses	200,925	253,761	192
Sundry Assets	176,069,559	169,063,026	168,681
Total Assets	4,642,325,601	4,154,571,301	4,447,524
LIABILITIES			
Deposits	3,705,994,538	3,293,222,160	3,550,483
Deposits in Won	3,563,931,681	3,245,222,864	3,414,382
Deposits in Foreign Currency	5,891,649	2,895,324	5,644
Negotiable Certificates of Deposits	136,171,208	45,103,972	130,457
Borrowings	337,504,517	322,481,577	323,342
Borrowings in Won	120,782,533	133,071,132	115,714
Borrowings in Foreign Currency	127,138,907	84,868,611	121,804
Bonds Sold under Repurchase Agreements	88,662,001	100,156,834	84,942
Bills Sold	802,137	1,517,802	768
Call Money	118,939	2,867,198	114
Debentures	122,000,000	90,175,834	116,881
Debentures in Won	122,000,000	189,454,090	116,881
Discounts on Debentures Issued	-	(99,278,256)	-
Other Liabilities	265,751,679	269,463,194	254,600
Accrued Severance Benefits	7,095,145	2,358,596	6,797
Deposits for Severance Benefits	(4,257,087)	(954,781)	(4,078)
Transfer to National Pension	(59)	(119)	-
Allowance for Possible Losses on Confirmed Acceptances and Guarantees	-	40,000	-
Other Allowances	3,374,177	3,388,346	3,233
Borrowings from Trust Accounts	8,283,115	3,972,482	7,936
Foreign Exchange Remittances Pending	2,013,476	116,923	1,929
Accounts Payable	6,778,619	2,835,461	6,494
Accrued Expenses	53,059,697	51,347,593	50,833
Unearned Revenues	2,399,419	3,228,080	2,299
Deposits for Letter of Guarantees and Others	5,440,692	5,465,464	5,212
Sundry Liabilities	181,564,485	197,665,150	173,946
Total Liabilities	₩4,431,250,734	₩3,975,342,766	\$ 4,245,306

continued

Non-Consolidated Balance Sheets

AS OF DECEMBER 31,
2004 AND 2003

	In thousands of Korean won	In thousands of U.S. Dollars	2004	2003	2004
STOCKHOLDERS' EQUITY					
Capital Stock	₩ 165,320,620	₩ 165,320,520	\$ 158,383		
Common Stock	165,320,620	165,320,520	158,383		
Capital Surplus	188,787	151,905	181		
Other Capital Surplus	188,787	151,905	181		
Retained Earnings	41,247,719	9,660,786	39,517		
Legal Reserve	4,416,406	-	4,231		
Voluntary Reserve	966,079	-	926		
Unappropriated Retained Earnings Carried Over	35,865,234	9,660,786	34,360		
Capital Adjustment	4,317,742	4,095,323	4,137		
Discounts on Stock Issuance	(781)	(3,604)	(1)		
Loss on Disposition of treasury stock	-	(2,416,239)	(2,416,239)		
Gain on Valuation of Available-for-sale Securities	3,957,770	6,241,821	3,792		
Stock Option	360,752	273,346	346		
Total Stockholders' Equity	211,074,868	179,228,534	202,218		
Total Liabilities and Stockholders' Equity	₩4,642,325,601	₩4,154,571,301	\$ 4,447,524		

Non-Consolidated Statements of Income

FOR THE YEARS ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won	In thousands of U.S. Dollars	2004	2003	2004
Operating Revenues	₩ 317,895,650	₩ 292,679,445	\$ 304,556		
Interest Income	(241,893,044)	(229,921,731)	(231,743)		
Interest on Due from Banks	6,421,057	5,245,560	6,152		
Interest on Securities	45,698,330	60,820,408	43,781		
Interest on Loans	189,577,004	163,125,805	181,622		
Others	196,652	729,959	188		
Commission Income	23,492,229	19,165,709	22,506		
Commissions Received	23,169,794	18,937,949	22,198		
Guarantee Fees	321,854	226,362	308		
Commissions Received from Termination of Commodities	580	1,398	1		
Other Operating Income	(52,510,378)	(43,592,005)	(50,307)		
Gain on Disposition of Trading Securities	4,122,951	6,941,739	3,950		
Gain on Valuation of Trading Securities	821,299	9,717	787		
Dividend on Trading Securities	15,500	-	15		
Dividend on Available-for-sale Securities	23,259	16,576	22		
Gain on Foreign Currency Trading	46,150,604	33,982,351	44,214		
Fees and Commissions from Trust Account	511,576	1,898,791	490		
Gain on Derivatives Trading	720,400	405,601	690		
Recovery of Allowance for Possible Losses on Confirmed Acceptances and Guarantees	40,000	-	38		
Others	104,788	337,230	100		
Operating Expenses	282,858,339	261,381,028	270,989		
Interest Expenses	(118,656,775)	(121,323,184)	(113,678)		
Interest on Deposits	97,098,501	102,124,144	93,024		
Interest on Borrowings	13,469,094	11,825,009	12,904		
Interest on Debentures	7,498,516	6,780,400	7,184		
Others	590,664	593,631	566		
Commissions Expenses	(3,297,470)	(3,188,962)	(3,159)		
Commissions Paid	1,282,280	1,126,711	1,228		
Commissions on Credit Cards	2,015,190	2,062,251	1,931		
Other Operating Expenses	78,187,654	60,736,329	74,907		
Loss on Disposition of Trading Securities	1,020,544	3,785,835	978		
Loss on Valuation of Trading Securities	19,805	138,975	19		
Loss on Foreign Currency Trading	45,172,646	33,003,267	43,277		
Loss on Derivatives Trading	1,252,429	550,414	1,200		
Contribution to Fund	4,676,623	3,904,664	4,480		
Bad Debt Expense	21,383,477	14,850,104	20,486		
Provision for Allowance for Possible Losses on Confirmed Acceptances and Guarantees	-	40,000	-		
Others	₩ 4,662,129	₩ 4,463,072	\$ 4,466		

KRW 1,043.8 / 1 USD (as of Dec. 31, 2004)

continued

Non-Consolidated Statements of Income

FOR THE YEARS ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
Selling and Administrative Expenses	₩ (82,716,441)	₩ (76,132,553)	\$ (79,245)
Salaries	35,579,579	33,132,335	34,087
Retirement Allowance	5,691,462	5,045,410	5,453
Other Employee Benefits	15,659,409	13,577,816	15,002
Rent	968,861	961,615	928
Entertainment	314,306	272,498	301
Depreciation	6,484,348	7,097,585	6,212
Amortization on Intangible Asset	622,650	478,539	597
Taxes and Dues	2,114,274	2,085,377	2,026
Advertising	1,776,843	1,469,720	1,702
Other Selling and Administrative Expenses	13,504,710	12,011,658	12,938
Operating Income	35,037,311	31,298,417	33,567
Non-Operating Income	11,132,894	21,129,571	10,666
Gain on Disposition of Tangible Assets	16,603	452,275	16
Rental Income	241,436	249,535	231
Gain on Disposition of Available-for-sale Securities	4,244,986	17,855,617	4,067
Gain on Redemption of Held-to-maturity Securities	67,598	132,738	65
Others	6,562,271	2,439,405	6,287
Non-Operating Expenses	10,510,224	8,263,924	10,069
Loss on Disposition of Tangible Assets	3,850	14,344	4
Loss on Disposition of Available-for-sale Securities	790,174	2,576,195	757
Loss on Redemption of Held-to-maturity Securities	437,396	909,785	419
Loss on Reduction Available-for-sale Securities	1,959,930	776,551	1,878
Others	7,318,874	3,987,049	7,012
Ordinary Income	35,659,981	44,164,064	34,164
Extraordinary Gain	-	-	-
Extraordinary Loss	-	-	-
Income Before Income Tax Expense	35,659,981	44,164,064	34,164
Income Tax Expense	-	-	-
Net Income	₩ 35,659,981	₩ 44,164,064	\$ 34,164

Statements of Appropriation of Retained Earnings

FOR THE YEARS ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
Retained Earnings			
Before Appropriation (Disposition)	₩ 35,865,234	₩ 9,660,786	\$ 34,360
Undisposed Accumulated Earnings (Accumulated Deficit)			
Carried Forward From Prior Year	205,253	(34,503,278)	197
Net Income	35,659,981	44,164,064	34,164
Appropriations of Retained Earnings	35,652,016	9,455,534	34,156
Legal Reserve	3,565,998	4,416,406	3,416
Reserve for Financial Structure Improvement	3,565,998	966,079	3,416
Amortization of Discounts on Stock Issuance	781	3,604	1
Loss on Disposition of Treasury Stock	-	2,416,239	-
Dividends	9,919,239	1,653,205	9,503
Cash Dividends	4,959,619	1,653,205	4,752
Dividends per share (ratio)			
Current year: 150 won (3%)			
Prior year: 50 won (1%)			
Share Dividends	4,959,620	-	4,752
Dividends per share (ratio)			
Current year: 150 won (3%)			
Voluntary reserve	18,600,000	-	17,820
Undisposed Accumulated Earnings to be Carried Forward to Subsequent Year	₩ 213,218	₩ 205,253	\$ 204

KRW 1,043.8 / 1 USD (as of Dec. 31, 2004)

Non-Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
I. Cash Flows from Operating Activities	₩ 32,600,164	₩ 24,299,805	\$ 31,232
Net income	35,659,981	44,164,064	34,164
Addition of Expenses not Involving Cash Outflows	39,804,592	36,383,702	38,134
Bad Debt Expense	21,383,477	14,850,104	20,486
Retirement Allowance	5,691,462	5,045,410	5,453
Depreciation	6,484,348	7,097,585	6,212
Amortization of Intangible Assets	622,650	478,539	597
Loss on Disposition of Trading Securities	1,020,544	3,785,835	978
Loss on Valuation of Trading Securities	19,805	138,975	19
Loss on Disposition of Tangible Assets	3,850	14,344	4
Loss on Reduction of available-for-sale Securities	1,959,930	776,551	1,878
Provision for Allowances Position Losses on			
Confirmed Acceptance and Guarantees	-	40,000	-
Amortization of Discount on Debentures	14,239	23,280	14
Stock Option Cost	124,289	96,685	119
Loss on Disposition of Available-for-sale Securities	790,174	2,576,195	757
Loss on Redemption of Held-to-Maturity Securities	437,396	909,785	419
Loss on Derivatives Trading	1,252,429	550,414	1,200
Deduction of Revenues not Involving Cash Inflows	10,188,359	26,877,944	9,761
Gain on Disposition of Trading Securities	4,122,951	6,941,739	3,950
Gain on Valuation of Trading Securities	821,299	9,717	787
Gain on Disposition of Tangible Assets	16,603	452,275	16
Gain on Disposition of Available-for-sale Securities	4,244,986	17,855,617	4,067
Gain on Redemption of Held-to-Maturity Securities	67,598	132,738	65
Reversal from Present Value Discount on Loans	49,734	80,669	48
Reversal from Other Allowance	14,169	984,142	14
Gain on Valuation of Investment			
In Stock Market Stabilization Fund	40,000	-	38
Gain on Sale of Loans	90,619	-	87
Reversal from Stock Option Cost	-	15,445	-
Gain on Derivatives Trading	720,400	405,601	690
Changes in Assets and Liabilities			
Resulting from Operations	(32,676,050)	(29,370,017)	(31,305)
Increase in Accounts Receivable	(3,637,542)	(1,552,500)	(3,485)
Increase in Accrued Income	(6,021,560)	(6,764,976)	(5,769)
Increase in Prepaid Expenses	52,836	(117,944)	51
Decrease in Sundry Assets	(6,337,046)	9,725,063	(6,071)
Increase in Accounts Payable	3,943,158	1,349,196	3,778
Decrease in Accrued Expenses	1,712,105	(3,578,627)	1,640
Decrease in Unearned Income	(828,661)	(475,627)	(794)
Decrease in Sundry Liabilities	(17,302,181)	(9,541,299)	(16,576)
Payment of Severance Benefits	(954,913)	(36,018,875)	(915)
Decrease in Deposits for Severance Benefits	(3,302,306)	15,971,326	(3,164)
Decrease in Transfers to National Pension	₩ 59	₩ 1,634,246	\$ -

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continued

Non-Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
II. Cash Flows Resulting from Investing Activities	₩ (505,560,225)	₩ (243,622,369)	\$ (484,346)
Cash Inflows from Investing Activities	2,099,604,147	5,097,345,185	2,011,500
Proceeds from Disposal of Tangible Assets	35,209	5,715,555	34
Decrease in Guaranty Deposits	1,534,908	778,366	1,471
Decrease In Trading Securities	1,583,574,113	3,929,168,010	1,517,124
Decrease in Available-for-sale Securities	329,079,010	981,356,894	315,270
Decrease in Held-to-maturity Securities	185,380,907	180,326,360	177,602
Cash Outflows Resulting from Investing Activities	2,605,164,372	5,340,967,554	2,495,846
Increase in Trading Securities	1,619,074,634	3,777,502,305	1,551,135
Increase in Loans	369,634,499	520,455,950	354,124
Increase in Available-for-sale Securities	206,055,235	428,109,821	197,409
Increase in Held-to-maturity Securities	401,542,704	602,566,149	384,693
Increase in Guaranty Deposits	2,542,838	2,668,910	2,436
Acquisition of Tangible Assets	5,664,627	7,231,700	5,427
Increase in Intangible Assets	649,836	2,432,721	623
III. Cash Flows Resulting from Financing Activities	464,224,391	321,673,592	444,745
Cash Inflows Resulting from Financing Activities	6,252,099,730	7,803,032,425	5,989,749
Increase in Deposits	412,772,378	274,517,618	395,452
Increase in Borrowings in Won	678,380,350	803,332,128	649,914
Increase in Borrowings in Foreign Currency	601,786,229	352,051,736	576,534
Increase in Bonds Sold Under Repurchase Agreement	408,049,143	331,179,946	390,927
Increase in Bills Sold	10,650,355	5,545,428	10,203
Increase in Deposits for Letter of Guarantees and Others	26,466,752	26,232,167	25,356
Increase in Foreign Exchange Remittances Pending	10,490,336	7,723,322	10,050
Increase in Call Money	3,993,706,418	5,920,760,615	3,826,122
Issuance of Debentures	32,000,000	-	30,657
Increase in Borrowings from Trust Accounts	77,797,669	81,689,425	74,533
Increase its Paid-in Capital Through			
the Issuance of New Shares	100	40	-
Cash Outflows Resulting from Financing Activities	5,787,875,339	7,481,358,834	5,545,004
Decrease in Borrowings from Trust Accounts	73,487,036	84,577,030	70,403
Decrease in Borrowings in Won	690,668,949	816,077,973	661,687
Decrease in Borrowings in Foreign Currency	559,515,933	292,350,361	536,037
Decrease in Bills Sold	11,366,020	5,892,488	10,889
Decrease in Call Money	3,996,454,677	5,919,615,295	3,828,755
Decrease in Foreign Exchange Remittances Pending	8,593,782	7,673,124	8,233
Redemption of Debentures	99,454	-	95
Decrease in Sales of Bonds Sold Repurchase Agreement	419,543,977	328,591,100	401,939
Decrease in Deposits for Letter of Guarantees and Others	26,491,525	26,581,121	25,380
Dividends	1,653,205	-	1,584
Expense Related to Capital Increase	781	341	1
IV. Net Increase in Cash and Due from Banks (I+II+III)	(8,735,670)	102,351,028	(8,369)
V. Cash and Due from Banks, Beginning of the Year	283,845,853	181,494,825	271,935
VI. Cash and Due from Banks, End of the Year	₩ 275,110,183	₩ 283,845,853	\$ 263,566

Non-Consolidated Balance Sheets (Trust Accounts)

YEARS ENDED DECEMBER 31 2004 AND 2003	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
ASSETS			
Loans	₩ 754,640	₩ 589,267	\$ 732
Loans on Real Estate Collateral	-	-	-
Loans on Trust Benefit Collateral	754,640	396,850	732
Loans Without Collateral	-	-	-
Bills Bought in Won	-	142,417	-
Loans Secured by Guarantees	-	50,000	-
Others	-	-	-
Securities	16,084,770	21,494,322	15,410
Government Bonds	-	1,507,687	-
Finance Debentures	4,495,963	472,080	4,307
Municipal Bonds	3,045,095	3,090,437	2,917
Corporate Bonds	3,495,812	13,494,578	3,349
Others	5,047,900	2,929,539	4,836
Cash & Due From Banks	8,000,000	3,000,000	7,664
Other Assets	2,129,585	3,201,178	2,040
Loans to Bank Accounts	8,283,115	3,972,482	7,936
Allowance for Valuation of Receivables	(51,197)	(209,026)	(49)
Total Assets	₩ 35,200,913	₩ 32,048,224	\$ 33,724
LIABILITIES			
Money Trusts	34,117,265	30,819,729	32,686
Unspecified Money Trust	33,292	29,268	32
Installment Money Trust	68,958	86,081	66
Household Money Trust	1,429,065	1,871,704	1,369
Money Trust for Senior Citizens	426,396	517,467	409
Corporate Money Trust	1,083,456	1,131,589	1,038
National Stock Trust	18,557,482	17,987,080	17,779
Household Long-term Money Trust	1,202,634	3,475,854	1,152
Special Installment Money Trust	884,880	1,362,846	848
Money Trust for Workers	27,117	304,208	26
Money Trust for Severance Indemnities	1,873,949	1,844,561	1,795
Specified Money Trust	5,000,000	-	4,790
Money Trust for Pension	3,530,036	2,209,069	3,382
Borrowings	-	-	-
Other Liabilities	498,488	712,980	478
Special Reserves	585,161	515,515	561
Total Liabilities	₩ 35,200,913	₩ 32,048,224	\$ 33,724

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Non-Consolidated Statements of Income (Trust Accounts)

YEARS ENDED DECEMBER 31 2004 AND 2003	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
Operating Revenues	₩ 1,799,321	₩ 4,248,457	\$ 1,724
Interest on Loans	30,840	43,099	30
Interest on Loans on Real Estate Collateral	-	1,487	-
Interest on Loans on Credit Collateral	30,527	34,617	29
Interest on Loans on Trust Benefit Collateral	312	6,675	-
Interest on Loans with Guarantees	-	321	-
Interest on Loans without Guarantees	-	-	-
Interest on Call Loans	-	-	-
Interest on Securities	817,575	1,642,298	783
Interest on Government Bonds	36,513	156,907	35
Interest on Finance Debentures	207,725	153,348	199
Interest on Corporate Bonds	291,510	1,193,722	279
Interest on Municipal Bonds	214,417	124,983	205
Interest on Other Securities	67,410	13,339	65
Interest on Deposits	228,032	54,521	218
Revenues on Securities	58,047	108,841	56
Gain on Trading of Securities	-	69,596	-
Gain of Redemption of Securities	6,771	-	6
Gain of Evaluation of Securities	51,276	39,245	49
Other Revenues	68,565	1,440,309	66
Interest on Loans to Bank Accounts	431,069	451,119	413
Fees & Commissions	209	725	-
Reversal of Special Reserves	9,610	16,261	9
Reversal of Allowance for Valuation of Receivables	₩ 155,376	₩ 491,283	\$ 149

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Non-Consolidated Statements of Income (Trust Accounts)

	In thousands of Korean won		In thousands of U.S. Dollars	
	2004	2003	2004	
YEARS ENDED DECEMBER 31 2004 AND 2003				
Operating Expenses	₩ 1,799,321	₩ 4,248,457	\$ 1,724	
Interest Paid on Trust Deposits	1,078,690	2,025,435	1,033	
Unspecified Money Trust	2,744	2,398	3	
Installment Money Trust	2,094	50,363	2	
Household Money Trust	42,738	184,115	41	
Development Money Trust	-	-	-	
Money Trust for Senior Citizens	11,575	61,894	11	
Corporate Money Trust	40,306	75,831	39	
National Stock Trust	-	-	-	
Money Trust for Personal Pension	650,077	869,143	623	
Household Long-term Money Trust	76,144	389,080	73	
Money Trust for Workers	4,152	58,701	4	
Gain on New Installment Money Trust	91,384	164,113	88	
Severance Indemnities Trust	44,062	50,660	42	
Specified Money Trust	37,141	67,898	36	
Pension Trust	76,272	51,240	73	
Interest Expenses on Borrowings	-	1,889	-	
Others	-	-	-	
Commissions	164	372	-	
Expenses on Securities	80,397	159,456	77	
Loss on Redemption of Securities	6,601	62,727	6	
Loss on Trading of Securities	-	11,888	-	
Loss on Valuation of Securities	73,796,149	84,841	70,700	
Contributions to Fund	46,585	44,664	45	
Contribution to Credit Guarantee Fund	94	726	-	
Insurance Fee on Trust	46,491	43,938	45	
Other Expenses	-	-	-	
Fees and Commissions on Trust Accounts	511,576	1,898,791	490	
Reversal of Special Reserves	79,255	77,932	76	
Reversal of Allowance for Valuation of Receivables	₩ 2,655	₩ 39,918	\$ 3	

Consolidated Balance Sheets

	In thousands of Korean won		In thousands of U.S. Dollars	
	2004	2003	2004	
AS OF DECEMBER 31, 2004 AND 2003				
ASSETS				
Cash and Due from Banks	₩ 281,728,269	₩ 286,845,853	\$ 269,906	
Cash on hand	65,075,542	64,323,717	62,345	
Foreign Currency	5,397,979	5,527,399	5,171	
Due from Banks in Won	200,531,891	213,866,224	192,117	
Due from Banks in Foreign Currency	10,722,857	3,128,513	10,273	
Securities	1,020,478,413	893,882,389	977,657	
Trading Securities	(132,430,167)	(97,813,197)	(126,873)	
Government Bonds	23,929,443	7,206,519	22,925	
Finance Debentures	54,206,912	79,455,591	51,932	
Corporate Bonds	3,495,812	8,564,870	3,349	
Beneficiary Certificate	50,798,000	-	48,666	
Others	-	2,586,218	-	
Available-for-sale Securities	(250,793,505)	(374,606,449)	(240,270)	
Stocks	804,775	2,226,725	771	
Equity Investment	190,000	1,649,053	182	
Government Bonds	75,493,005	77,202,214	72,325	
Finance Debentures	60,091,661	205,076,175	57,570	
Corporate Bonds	25,236,289	67,963,881	24,177	
Beneficiary Certificate	67,757,775	20,488,400	64,915	
Others	21,220,000	-	20,330	
Held-to-maturity Securities	(637,254,741)	421,462,743	(610,514)	
Government Bonds	153,084,074	126,522,167	146,660	
Finance Debentures	305,794,972	144,632,098	292,963	
Corporate Bonds	178,282,388	135,215,166	170,801	
Others	93,307	15,093,312	89	
Loans	2,971,056,645	2,622,531,856	2,846,385	
Allowance for Possible Loan Losses	(41,931,534)	(37,174,190)	(40,172)	
Loans in Won	2,643,988,417	2,317,043,228	2,533,041	
Loans in Foreign Currency	92,368,628	65,410,870	88,493	
Domestic Import Usance Bills	17,450,847	9,760,427	16,719	
Bills Bought in Won	38,447,200	34,395,319	36,834	
Bills Bought in Foreign Currency	7,817,566	2,805,287	7,490	
Advances for Customers	400,000	1,159,796	383	
Credit Card Receivables	42,318,423	52,131,118	40,543	
Bonds Repurchase under Resale Agreements	20,000,000	17,000,000	19,161	
Call Loans	149,697,100	160,000,000	143,416	
Private Placement Corporate Bonds	500,000	-	479	
Fixed Assets	137,136,079	137,951,070	131,382	
Tangible Assets	186,073,606	181,951,652	178,266	
Accumulated Depreciation	(51,277,609)	(46,306,613)	(49,126)	
Intangible Assets	2,333,217	2,306,031	2,235	
Non-Business Assets	₩ 6,865	₩ -	\$ 7	

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continued

Consolidated Balance Sheets

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
AS OF DECEMBER 31, 2004 AND 2003			
Other Assets	₩ 252,430,944	₩ 234,698,101	\$ 241,838
Guarantee Deposits	21,004,302	19,996,372	20,123
Accounts Receivable	5,198,527	1,554,625	4,980
Accrued Income	48,971,306	42,663,102	46,916
Prepaid Expenses	200,925	253,761	192
Sundry Assets	177,055,885	170,230,241	169,626
Total Assets	4,662,830,351	4,175,909,269	4,467,168
LIABILITIES			
Deposits	3,731,103,694	3,316,573,807	3,574,539
Deposits in Won	3,589,040,837	3,268,574,511	3,438,437
Deposits in Foreign Currency	5,891,649	2,895,324	5,644
Negotiable Certificates of Deposits	136,171,208	45,103,972	130,457
Borrowings	337,504,517	322,481,577	323,342
Borrowings in Won	120,782,533	133,071,132	115,714
Borrowings in Foreign Currency	127,138,907	84,868,611	121,804
Bonds Sold under Repurchase Agreements	88,662,001	100,156,834	84,942
Bills Sold	802,137	1,517,802	768
Call Money	118,939	2,867,198	114
Debentures in Won	122,000,000	90,175,834	116,881
Debentures in Won	122,000,000	189,454,090	116,881
Discount on Debentures Issued	-	(99,278,256)	-
Other Liabilities	261,147,273	267,449,517	250,189
Accrued Severance Benefits	7,095,145	2,358,596	6,797
Deposits for Severance Benefits	(4,257,087)	(954,781)	(4,078)
Transfer to National Pension	(59)	(119)	-
Allowance for Possible Losses on			
Confirmed Acceptances and Guarantees	-	40,000	-
Other Allowances	3,374,177	3,388,346	3,233
Borrowings from Trust Accounts	2,866,847	1,268,771	2,747
Foreign Exchange Remittances Pending	2,013,476	116,923	1,929
Accounts Payable	6,785,966	2,849,305	6,501
Accrued Expenses	53,059,697	51,347,593	50,833
Unearned Revenues	2,399,419	3,228,080	2,299
Deposits for Letter of Guarantees and Others	5,440,692	5,465,464	5,212
Sundry Liabilities	182,369,000	198,341,338	174,716
Total Liabilities	₩4,451,755,483	₩3,996,680,735	\$ 4,264,951

continued

Consolidated Balance Sheets

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
AS OF DECEMBER 31, 2004 AND 2003			
STOCKHOLDERS' EQUITY			
Consolidated Capital Stock	₩ 165,320,620	₩ 165,320,520	\$ 158,383
Common Stock	165,320,620	165,320,520	158,383
Consolidated Capital Surplus	188,787	151,905	181
Other Capital Surplus	188,787	151,905	181
Consolidated Retained Earnings	41,247,719	9,660,786	39,517
Legal Reserve	4,416,406	-	4,231
Voluntary Reserve	966,079	-	926
Unappropriated Retained Earnings Carried Over	35,865,234	9,660,786	34,360
Consolidated Net income	35,659,981	44,164,064	34,164
Consolidated Capital Adjustment	4,317,742	4,095,323	4,137
Discounts on Stock Issuance	(781)	(3,604)	(1)
Loss on Disposition of treasury stock	-	(2,416,239)	-
Gain on Valuation of Available-for-sale-Securities	3,957,770	6,241,821	3,792
Stock Option	360,752	273,346	346
Total Stockholders' Equity	211,074,868	179,228,534	202,218
Total Liabilities and Stockholders' Equity	₩4,662,830,351	₩4,175,909,269	\$ 4,467,168

FOR THE YEARS ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
Operating Revenues	₩ 318,647,664	₩ 293,688,640	\$ 305,277
Interest Income	242,883,900	230,901,961	232,692
Interest on Due from Banks	6,613,720	5,300,080	6,336
Interest on Securities	46,465,947	61,713,360	44,516
Interest on Loans	189,607,581	163,160,451	181,651
Others	196,652	728,069	188
Commission Income	23,492,438	19,166,434	22,507
Commissions Received	23,169,794	18,937,949	22,198
Guarantee Fees	321,854	226,362	308
Commissions Received from Termination of Commodities	789	2,123	1
Other Operating Income	52,271,327	43,620,245	50,078
Gain on Disposition of Trading Securities	4,128,874	6,943,474	3,956
Gain on Valuation of Trading Securities	824,676	46,981	790
Dividend on Trading Securities	15,500	-	15
Dividend on Available-for-sale Securities	23,259	16,576	22
Gain on Foreign Currency Trading	46,150,604	33,982,351	44,214
Gain on Derivatives Trading	720,400	405,601	690
Recovery of Allowance for Possible Losses on Confirmed Acceptances and Guarantees	40,000	-	38
Others	368,014	2,225,262	353
Operating Expenses	283,610,353	262,390,223	271,709
Interest Expenses	119,204,045	122,087,283	114,202
Interest on Deposits	97,906,171	103,243,057	93,798
Interest on Borrowings	13,469,094	11,825,009	12,904
Interest on Debentures	7,498,516	6,780,400	7,184
Others	330,263	238,817	316
Commissions Expenses	3,297,615	3,189,232	3,159
Commissions Paid	1,282,425	1,126,981	1,229
Commissions on Credit Cards	2,015,190	2,062,251	1,931
Other Operating Expenses	78,392,253	60,981,155	75,103
Loss on Disposition of Trading Securities	1,023,455	3,805,735	981
Loss on Valuation of Trading Securities	93,601	202,183	90
Loss on Foreign Currency Trading	45,172,646	33,003,267	43,277
Loss on Derivatives Trading	1,252,429	550,414	1,200
Contribution to Fund	4,722,605	3,948,531	4,524
Bad Debt Expense	21,383,477	14,850,104	20,486
Provision for Allowance for Possible Losses on Confirmed Acceptance and Guarantees	-	40,000	-
Others	₩ 4,744,040	₩ 4,580,922	\$ 4,545

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continued

FOR THE YEARS ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
Selling and Administrative Expenses	₩ 82,716,441	₩ 76,132,553	\$ 79,245
Salaries	35,579,579	33,132,335	34,087
Retirement Allowance	5,691,462	5,045,410	5,453
Other Employee Benefits	15,659,409	13,577,816	15,002
Rent	968,861	961,615	928
Entertainment	314,306	272,498	301
Depreciation	6,484,348	7,097,585	6,212
Amortization on Intangible Asset	622,650	478,539	597
Taxes and Dues	2,114,274	2,085,377	2,026
Advertising	1,776,843	1,469,720	1,702
Other Selling and Administrative Expenses	13,504,710	12,011,658	12,938
Operating Income	35,037,311	31,298,417	33,567
Non-Operating Income	11,132,894	21,129,571	10,666
Gain on Disposition of Tangible Assets	16,603	452,275	16
Rental Income	241,436	249,535	231
Gain on Disposition of Available-for-sale Securities	4,244,986	17,855,617	4,067
Gain on Redemption of Held-to-maturity Securities	67,598	132,738	65
Others	6,562,271	2,439,405	6,287
Non-Operating Expenses	10,510,224	8,263,924	10,069
Loss on Disposition of Tangible Assets	3,850	14,344	4
Loss on Disposition of Available-for-sale Securities	790,174	2,576,195	757
Loss on Redemption of Held-to-maturity Securities	437,396	909,785	419
Loss on Reduction Available-for-sale Securities	1,959,930	776,551	1,878
Others	7,318,874	3,987,049	7,012
Ordinary Income	35,659,981	44,164,064	34,164
Extraordinary Gain	-	-	-
Extraordinary Loss	-	-	-
Income Before Income Tax Expense	35,659,981	44,164,064	34,164
Income Tax Expense	-	-	-
Consolidated Net Income	35,659,981	44,164,064	34,164
Consolidated Ordinary Income per Common Share (Won, U.S. dollar)	1,079	1,336	1
Consolidated Net Income per Common Share (Won, U.S. dollar)	₩ 1,079	₩ 1,336	\$ 1

Consolidated Statements of Cash Flows

FOR THE ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
I. Cash Flows from Operating Activities	₩ 32,677,285	₩ 21,344,923	\$ 295
Net income	35,659,981	44,164,064	34,164
Addition of Expenses not Involving Cash Outflows	39,881,299	36,466,810	38,208
Bad Debt Expens	21,383,477	14,850,104	20,486
Retirement Allowance	5,691,462	5,045,410	5,453
Depreciation	6,484,348	7,097,585	6,212
Amortization of Intangible Assets	622,650	478,539	597
Loss on Disposition of Trading Securities	1,023,455	3,805,735	981
Loss on Valuation of Trading Securities	93,601	202,183	90
Loss on Disposition of Tangible Assets	3,850	14,344	4
Loss on Reduction of available-for-sale Securities	1,959,930	776,551	1,878
Provision for Allowances Position Losses on			
Confirmed Acceptance and Guarantees	-	40,000	-
Amortization of Discount on Debentures	14,239	23,280	14
Stock Option Cost	124,289	96,685	119
Loss on Disposition of Available-for-sale Securities	790,174	2,576,195	757
Loss on Redemption of Held-to-Maturity Securities	437,396	909,785	419
Loss on Derivatives Trading	1,252,429	550,414	1,200
Deduction of Revenues not Involving Cash Inflows	10,197,658	26,916,942	9,770
Gain on Disposition of Trading Securities	4,128,874	6,943,474	3,956
Gain on Valuation of Trading Securities	824,676	46,981	790
Gain on Disposition of Tangible Assets	16,603	452,275	16
Gain on Disposition of Available-for-sale Securities	4,244,986	17,855,617	4,067
Gain on Redemption of Held-to-Maturity Securities	67,598	132,738	65
Reversal from Present Value Discount on Loans	49,734	80,669	48
Reversal from Other Allowance	14,169	984,142	14
Gain on Valuation of Investment			
In Stock Market Stabilization Fund	40,000	-	38
Gain on Sale of Loans	90,619	-	87
Reversal from Stock Option Cost	-	15,445	-
Gain on Derivatives Trading	720,400	405,601	690
Changes in Assets and Liabilities			
Resulting from Operations	(32,666,337)	(32,369,008)	(62,306)
Increase in Accounts Receivable	(3,643,901)	(1,553,631)	(3,491)
Increase in Accrued Income	(6,308,204)	(7,055,427)	(6,043)
Increase in Prepaid Expenses	52,836	(117,944)	51
Decrease in Sundry Assets	(6,156,157)	6,931,706	(5,898)
Increase in Accounts Payable	3,936,661	1,336,346	3,771
Decrease in Accrued Expenses	1,712,105	(3,588,770)	1,640
Decrease in Unearned Income	(828,661)	(476,425)	(794)
Decrease in Sundry Liabilities	(17,173,855)	(9,431,559)	(16,453)
Payment of Severance Benefits	(954,913)	(36,018,875)	(915)
Decrease in Deposits for Severance Benefits	(3,302,306)	15,971,326	(3,164)
Decrease in Transfers to National Pension	₩ 59	₩ 1,634,246	\$ -

KRW 1,043.8 / 1 USD (as of Dec. 31, 2004)

continued

Consolidated Statements of Cash Flows

FOR THE ENDED DEC. 31,
2004 AND 2003

	In thousands of Korean won		In thousands of U.S. Dollars
	2004	2003	2004
II. Cash Flows Resulting from Investing Activities	₩(501,064,213)	₩(240,747,923)	\$ (480,039)
Cash Inflows from Investing Activities	2,099,604,147	5,097,345,185	2,011,500
Proceeds from Disposal of Tangible Assets	35,209	5,715,555	34
Decrease in Guaranty Deposits	1,534,908	778,366	1,471
Decrease In Trading Securities	1,583,574,113	3,929,168,010	1,517,124
Decrease in Available-for-sale Securities	329,079,010	981,356,894	315,270
Decrease in Held-to-maturity Securities	185,380,907	180,326,360	177,602
Cash Outflows Resulting from Investing Activities	2,600,668,360	5,338,093,108	2,491,539
Increase in Trading Securities	1,614,354,589	3,774,417,631	1,546,613
Increase in Loans	369,858,532	520,666,176	354,339
Increase in Available-for-sale Securities	206,055,235	428,109,821	197,409
Increase in Held-to-maturity Securities	401,542,704	602,566,149	384,693
Increase in Guaranty Deposits	2,542,838	2,668,910	2,436
Acquisition of Tangible Assets	5,664,627	7,231,700	5,427
Increase in Intangible Assets	649,836	2,432,721	623
III. Cash Flows Resulting from Financing Activities	463,269,344	324,754,027	443,830
Cash Inflows Resulting from Financing Activities	6,256,560,951	7,803,807,337	5,994,023
Increase in Deposits	414,529,888	275,292,530	397,135
Increase in Borrowings in Won	678,380,350	803,332,128	649,914
Increase in Borrowings in Foreign Currency	601,786,229	352,051,736	576,534
Increase in Bonds Sold Under Repurchase Agreement	408,049,143	331,179,946	390,927
Increase in Bills in Sold	10,650,355	5,545,428	10,203
Increase in Deposits for Letter of Guarantees and Others	26,466,752	26,232,167	25,356
Increase in Foreign Exchange Remittances Pending	10,490,336	7,723,322	10,050
Increase in Call Money	3,993,706,418	5,920,760,615	3,826,122
Issuance of Debentures	32,000,000	-	30,657
Increase in Borrowings from Trust Accounts	80,501,380	81,689,425	77,123
Increase its Paid-in Capital Through			
the Issuance of New Shares	100	40	-
Cash Outflows Resulting from Financing Activities	5,793,291,608	7,479,053,310	5,550,193
Decrease in Borrowings from Trust Accounts	78,903,304	82,271,506	75,592
Decrease in Borrowings in Won	690,668,949	816,077,973	661,687
Decrease in Borrowings in Foreign Currency	559,515,933	292,350,361	536,037
Decrease in Bills Sold	11,366,020	5,892,488	10,889
Decrease in Call Money	3,996,454,677	5,919,615,295	3,828,755
Decrease in Foreign Exchange Remittances Pending	8,593,782	7,673,124	8,233
Redemption of Debentures	99,454	-	95
Decrease in Sales of Bonds Sold Repurchase Agreement	419,543,977	328,591,100	401,939
Decrease in Deposits for Letter of Guarantees and Others	26,491,525	26,581,121	25,380
Dividends	1,653,205	-	1,584
Expense Related to Capital Increase	781	341	1
IV. Net Increase in Cash and Due from Banks (I+II+III)	(5,117,584)	105,351,028	(4,903)
V. Cash and Due from Banks, Beginning of the Year	286,845,853	181,494,825	274,809
VI. Cash and Due from Banks, End of the Year	₩ 281,738,369	₩ 286,845,853	\$ 269,906

Consolidated Statements of Changes in Shareholders' Equity

In thousands
of Korean won

YEARS ENDED DECEMBER 31
2004 AND 2003

Description	Consolidated		Consolidated	Consolidated	Total
	Capital Stock	Capital Surplus	Retained Earnings	Capital Adjustment	
As of January 1. 2003	₩ 165,320,480	₩ -	₩ (34,503,278)	₩ 17,236,645	₩148,053,848
Increase its Paid-in Capital Through the Issuance of New Shares	40	-	-	-	40
Lapse of Stock Options	-	151,905	-	-	151,905
Increase in Discount on Stock Issuance	-	-	-	(340,600)	(340,600)
Increase in Gain on Valuation of Available for Sale Securities	-	-	-	(13,070,317)	(13,070,317)
Increase in Stock Options Costs	-	-	-	96,685	96,685
Reversal form Stock Options Costs	-	-	-	(167,350)	(167,350)
Consolidated Net Income	-	-	44,164,064	-	44,164,064
As of December 31. 2003	165,320,520	151,905	9,660,786	4,095,323	179,228,534
As of January 1. 2004	165,320,520	151,905	9,660,786	4,095,323	179,228,534
Increase its Paid-in Capital Through the Issuance of New Shares	100	-	-	-	100
Lapse of Stock Options	-	36,882	-	-	36,882
Increase in Discount on Stock Issuance	-	-	(3,604)	2,823	(781)
Increase in Gain on Valuation of Available for Sale Securities	-	-	-	(2,284,050)	(2,284,050)
Increase in Stock Options Costs	-	-	-	124,289	124,289
Decrease in Stock Options Costs	-	-	-	(36,882)	(36,882)
Depreciation of Loss on Redemption of Treasury Stock	-	-	(2,416,239)	2,416,239	-
Cash Dividend	-	-	(1,653,205)	-	(1,653,205)
Consolidated Net Income	-	-	35,659,981	-	35,659,981
As of December 31. 2004	₩ 165,320,620	₩ 188,787	₩ 41,247,719	₩ 4,317,742	₩211,074,868

Notes to Non-Consolidated Financial Statements

On a selective basis

(Note: For the convenience of reader, the accompanying notes to financial statements have been condensed, restructured and translated in English (with certain omission of Korean language notes) from Korean language notes to financial statements, which are issued for domestic reporting purposes in accordance with the provision regulated by the Securities and Futures Commission of Korea)

1. 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 financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles 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 attached to the Korean language financial statements, but not required for a fair presentation of the bank's financial position or results of operations, is not presented in the accompanying financial statements.

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

(1) Recognition of Interest Income

The bank recognizes the interest income earned on loans, call loans, long-term deposits with other banks and securities on an accrual basis, except for the interest income on loans having overdue interest, loans to a dishonored customer, which are not secured by guarantee of financial institutions or over its collateralized deposits, where interest income is recognized on a cash basis. As of December 31, 2004, the principal amount of loans of which the accrued interest income was not recorded in the financial statements based on the stated criteria amounted to ₩2,990 million. Previously accrued interest is generally revised to income when a loan is placed on non-accrual status and deduced from current interest income.

(2) Classification of Securities

At acquisition, the bank classifies securities into three categories: trading, available-for-sale or held-to maturity. Trading securities are those that are acquired principally to generate profits from short-term fluctuations. Held-to-maturity securities are those with fixed and determinable payments and fixed maturity that an enterprise has the positive intent and ability to hold to maturity. Available-for-sale securities are those no classified either as held-to-maturity or trading securities.

(3) Valuation of Securities

1) Valuation of Trading Securities

Trading securities are initially stated at acquisition cost plus incidental expenses with the individual moving average method. Trading securities are stated at fair value, if the fair value of trading securities differs from its acquisition cost. Its carrying value is adjusted to the fair value and the resulting valuation gain or loss is charged to current operations.

2) Valuation of Held-to-maturity Securities

Held-to-maturity securities are initially stated at acquisition cost plus incidental expenses, determined by the moving average method. As held-to-maturity securities are stated at amortized cost, the effective interest method is applied to amortize the difference between the face value and the acquisition cost over the remaining term of the securities. Its collective value 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.

3) Valuation of Available-for-sale Securities

Available-for-sale securities are initially stated at acquisition cost plus incidental expenses, determined by the moving average method. When the face value of available-for-sale debt securities differs from its acquisition cost, the effective interest method is applied to amortize the difference between the face value and the acquisition cost over the remaining term of the security. Available-for-sale securities are stated at fair value, with the net unrealized gain or loss presented as gain or loss on valuation of available-for-sale securities in capital adjustments. Accumulated capital adjustment of securities is charged to current operations in lump-sum at the time of disposal or impairment recognition. Non-marketable equity securities can be stated at acquisition cost on the financial statement if the fair value of the securities is not credibly determinable.

For equity securities, if the decline in the face value of equity securities 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. For debt securities, if the decline in 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.

(4) Allowance for Possible Loan Losses

The bank employs the Forward Looking Criteria (FLC) for loans to business enterprises whose credit limits exceed W2 billion or unsecured loans exceed ₩500 million. Under the FLC, the bank considers factors such as past payment history, cash flow and future debt repayment capability of the borrower. The loans are classified, as normal, precautionary, substandard, doubtful, or estimated loss as of the balance sheet data. As for the credit to households and small companies, the bank does not apply above FLC and classify by individual financing transactions as overdue date, dishonor or not.

The remaining percentages of credits classified above classification criteria of the bank are as follows:

	Normal	Precautionary	Substandard	Doubtful	Estimated Loss
Loans to corporations (%)	0.5	2	20	50	100
Loans to households(%)	0.75	8	20	55	100
Credit card loans(%)	1	12	20	60	100

In addition, the bank provides other allowance in other liabilities, including 1% for certain portion of unused cash advance facility (75% of the facility less used balance) of active credit card accounts having transaction records during the recent one year.

As mandated by regulatory authorities, the bank also provides an allowance for possible losses on confirmed acceptances and guarantees. Confirmed acceptances and guarantees are classified as of the balance sheets dates using the criteria used for loan classification. An allowance is then calculated, using 20% or more for confirmed acceptances and guarantees classified as substandard, 50% or more for doubtful and 100% for estimated loss.

(5) Tangible Assets and Depreciation

Tangible assets included in fixed assets are stated at acquisition cost. 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.

	Useful lives (years)
Buildings for business	31-60
Structures in leased offices for business	5
Real estate for business	4

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

(6) Accrued Severance Benefits

Employees and directors with more than one year of service are entitled to receive a lump-sum payment calculated in accordance with bank's regulations on retirement benefits and the Labor Standard Act. According to the National Pension Act, company and its employees pay certain amounts to the National Pension Fund. The bank is paid back at the termination of service by offsetting the receivable against the severance payments. Such receivables are presented as a deduction from accrued severance benefits. The accrued severance benefits that would be payable assuming all eligible employees and directors were to resign amount to ₩7,095 million won and ₩2,359 million won as of December 31, 2004 and 2003, respectively.

(7) Account for Stock Options

Stock options are valued at fair value pursuant to the Interpretations on Financial Accounting Standards 39-35 on account for stock options. The fair value of stock options is charged to general & administrative and wage expenses in the statement of income and credited to capital adjustments as stock option cost in the balance sheet over the contract term of the services provided.

2. Trading Securities

(Millions of Korean Won)

	Acquisition Cost	Fair Value
Government & public bonds	20,920	20,884
Finance debentures	49,697	49,711
Others	50,000	50,798

3. Available-for-Sale Securities

(Millions of Korean Won)

	Acquisition Cost	Fair Value
Stock	750	850
Government & public bonds	73,832	75,493
Government bonds	10,973	10,724
National housing bonds	25,811	26,401
Provincial government bonds	37,048	38,368
Finance debentures	59,878	60,092
Corporate bonds	24,964	25,236
Equity securities	190	190
Beneficiary debentures	70,135	67,758
Others	20,000	21,220

4. Held-to-Maturity Securities

(Millions of Korean Won)

	Acquisition Cost	Fair Value
Government & public bonds	152,708	153,085
Finance debentures	305,856	305,795
Corporate bonds	178,173	178,282
Others	93	93
Total	636,830	637,255

5. Tangible Assets

(Millions of Korean Won)

	Acquisition cost	Accumulated depreciation	Fair Value
Land for business	73,844	-	73,844
Buildings for business	71,073	17,615	53,458
Movables for business	39,801	32,766	7,035
Structures in leased offices for business	1,356	897	459
Total	186,074	51,278	134,796

6. Borrowing

(Millions of Korean Won)

	Annual interest rate	Amount
Borrowing from BOK	2.0	42,058
Borrowing from government	0.75-4.5	27,321
Other borrowing	2.0-4.90	51,404
Total		120,783

(Borrowing as of December 31, 2003 amount to 133,071 million won)

7. Shareholders' Equity

(Korean Won Except for Common Stock)

	2004	2003
Par value of common stock	5,000	5,000
Total number of stocks issued	33,064,124	33,064,104
Common stock (million won)	165,321	165,320

Independent Public Accountants' Report (non-consolidated)

English Translation of a Report Originally Issued in Korean

Deloitte.

Anjin Deloitte LLC

14Fl., Hanwha Securities Bldg.,
23-5 Yoido-dong,
Youngdeungpo-ku, Seoul
150-717 Korea

Tel 82-2-6676-1000, 1114
Fax 82-2-785-4753, 786-0267
www.anjin.co.kr

To the Shareholders and Board of Directors of Jeonbuk Bank:

We have audited the accompanying non-consolidated balance sheets of the Bank Accounts of Jeonbuk Bank (the Bank) as of December 31, 2004 and 2003, and the related non-consolidated statements of operations, proposed appropriations of retained earnings, and cash flows for the years then ended, all expressed in Korean won. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jeonbuk Bank as of December 31, 2004 and 2003, and the results of its operations, changes in its shareholders' equity and its cash flows for the years then ended, in conformity with financial accounting standards in the Republic of Korea.

Anjin Deloitte LLC
A member firm of Deloitte Touche Tohmatsu

January 14, 2005

Notice to Readers: This report is effective as of January 14, 2005, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

Independent Pubic Accountants' Report (consolidated)

English Translation of a Report Originally Issued in Korean

Deloitte.

Anjin Deloitte LLC

14Fl., Hanwha Securities Bldg.,
23-5 Yoido-dong,
Youngdeungpo-ku, Seoul
150-717 Korea

Tel 82-2-6676-1000, 1114
Fax 82-2-785-4753, 786-0267
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To the Shareholders and Board of Directors of Jeonbuk Bank:

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Board of Directors



① Sung-Joo Hong

Chairman of the Board & Chief Executive Officer

STANDING DIRECTORS

- ② Deuk-Cheol Yang
- ③ Chul-Hyun Chung

Deputy Chief Executive Officer, Chief of Business Supporting Unit
Standing Auditor

NON-STANDING DIRECTORS

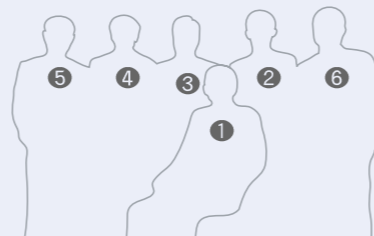
- Chong-Hun Park
- Chang-Shik Kim
- Jae-Hyun Lim
- Ki-Tae Song
- Jae-Ha Park

Governance Committee, Management Development Committee
Governance Committee, Management Development Committee, Audit Committee
Governance Committee, Management Development Committee, Risk Management Committee
Audit Committee
Risk Management Committee

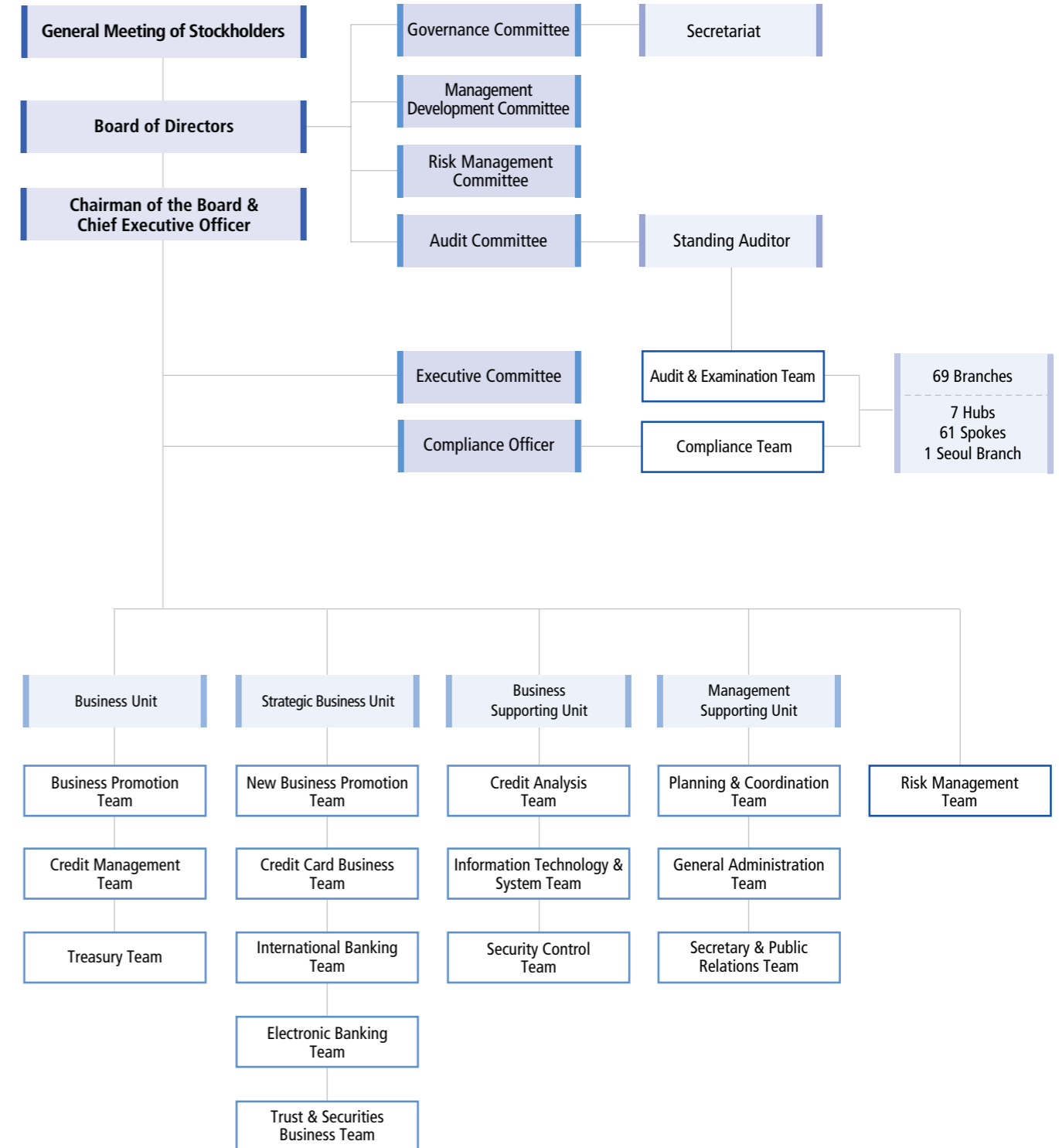
SENIOR EXECUTIVE OFFICERS

- ④ Haeng-Wan Nam
- ⑤ Yong-Kyu Park
- ⑥ Chang-Hwan Kim

Chief of Strategic Business Unit
Chief of Business Unit
Chief of Management Supporting Unit

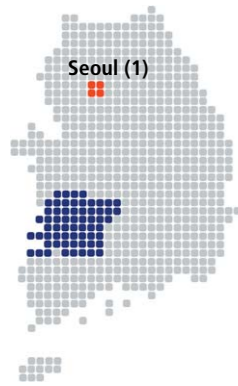


Organization Chart



Service Network

JEOLLABUK-DO (North Jeolla Province)

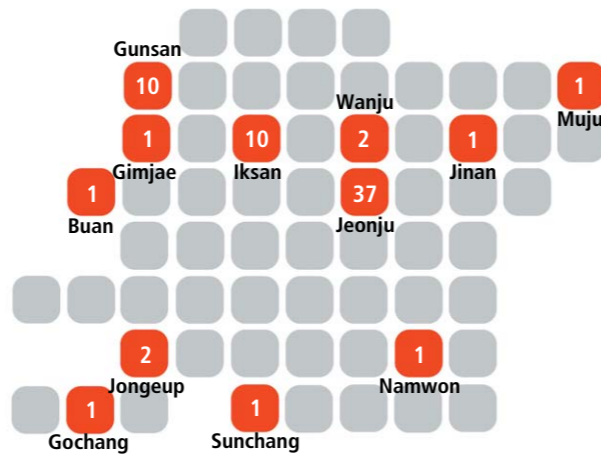


Headquarters

669-2 Geumam-dong,
Deokjin-gu, Jeonju-si,
Jeollabuk-do,
561-711, Korea
Tel. 82-63-250-7114
Fax. 82-63-250-7078

International Banking Team

17th Fl., Seorin Bld., 88,
Seorin-dong, Jongno-gu,
Seoul, 110-790, Korea
Tel. 82-2-739-0638~9
Fax. 82-2-739-0623



History in Brief

Dec. 10, 1969	Jeonbuk Bank established
Mar. 22, 1972	Listed on Korean Stock Exchange
June 28, 1993	Head Office moved to a new building
June 12, 1995	Korea's first drive-in bank established
Sept. 08, 1997	Next-generation information System installed
Nov. 06, 1998	Hub & Spoke Branch System introduced
June 02, 1999	Paid-in-capital increased by ₩50 billion to ₩165.3 billion
Jan. 04, 2000	Conferred the Grand Prize in Dasan Financial Award, a first for domestic banks
Feb. 29, 2000	Internet Banking service commenced
Nov. 01, 2000	Designated as depository bank of Jeollabuk-do
Mar. 10, 2001	Chairman Sung-Joo Hong appointed
Nov. 30, 2001	Subordinated bonds valued at ₩50 billion issued
Dec. 10, 2001	Cyber branch opened
Dec. 18, 2002	Comprehensive profit/performance management system developed
Dec. 26, 2002	Renamed depository bank of Jeollabuk-do Government
Dec. 31, 2002	Subordinated bonds valued at ₩30 billion issued
Dec. 08, 2003	Moody's rated 'eligible investment rate' L-T Baa3, S-T Prime-3, BFSR D-, Outlook Stable
Dec. 31, 2003	Achieved the best performance in the bank's history
Sept. 30, 2004	Senior subordinate bonds of ₩32 billion issued
Nov. 29, 2004	New ALM system installed

Shareholder Information

(As of Dec. 31, 2004)

Head Office

669-2 Geumam-dong, Deokjin-gu, Jeonju-si, Jeollabuk-do, 561-711, Korea
Tel. 82-63-250-7114 Fax. 82-63-250-7078

Homepage: www.jbbank.co.kr

Establishment

December 10, 1969

Paid-in Capital

₩ 165 billion

Common Stock Issued and Outstanding

33,064,104

Stock Exchange Listing

March 22, 1972

Majority Shareholders

Sam Yang Co., Ltd.: 11.82%
The Korea Fund, Inc.: 8.19%
Hankuk Mutual Savings Bank : 6.93%
Daehan Printing & Publishing Co., Ltd.: 4.78%
Honam Foods Co., Ltd.: 4.76%

General Shareholders' Meeting

March 18, 2005

Investor Relations

Tel. 82-63-250-7951
Fax. 82-63-250-7078
Team Manager Wan-Gi Song
E-mail: wgsong@jbbank.co.kr