

*Moving onto a **New** Banking Era*



PROFILE Hana Bank was first established in 1971 as a short-term finance and investment company. Despite its relatively short history, Hana ranks 4th in terms of deposits and outperforms other bigger and older banks in profitability and asset soundness. At the end of 2000, the Bank had the second lowest precautionary and below credit ratio and the third-best NPL ratio in the Korean banking industry.



PREPARING

ANOTHER

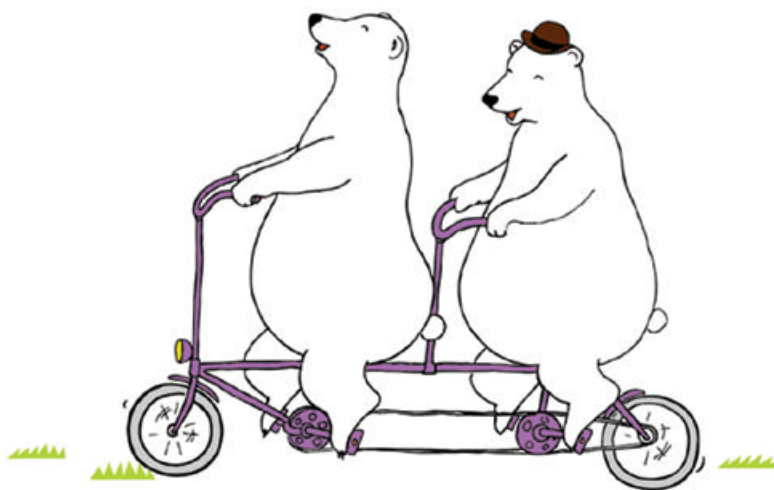
GREAT LEAP



The Bank's core strength stems from its dominant position at the high end of the retail banking market. High net-worth customers contribute more than 35% of the Bank's total deposits, which gives the Bank the highest per capita deposits in the industry. Adding to these strengths, the Bank has the lowest expenses-to-assets ratio, making it the most efficient in the Korean banking industry.

For its outstanding productivity and profit performance, the Bank has been selected as the best bank in Korea by such leading trade journals as *Asiamoney*, *Euromoney* and *Finance Asia*.

Having matured into an established industry member, the Bank now charts a new course toward its goal: becoming one of the leading full-service financial institutions in Korea.



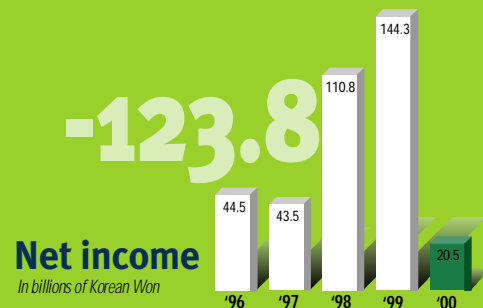
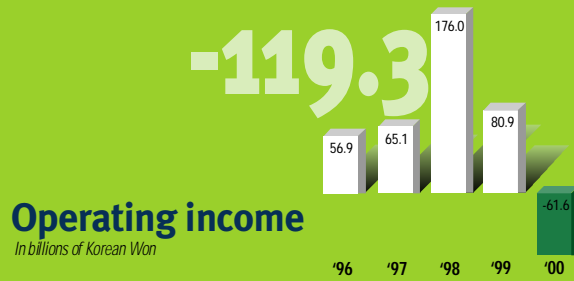
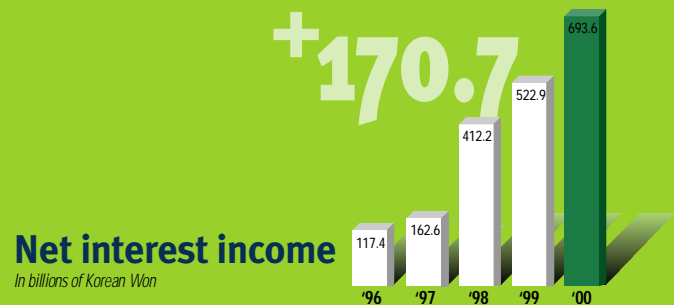
FORWARD

CONTENTS

2	Financial Highlights	17	Profit Centers
4	Letter to shareholders	21	Financial Section
6	Hana's 30 years	88	Subsidiaries
8	Standing Members of Board of Directors	89	Organization Chart
9	Governance Structure	90	Board of Directors
10	Vision and Strategy	91	Executive Officers
12	2001 Business Plan	92	Shareholder Information
13	Risk Management	93	Corporate Data

FINANCIAL HIGHLIGHTS

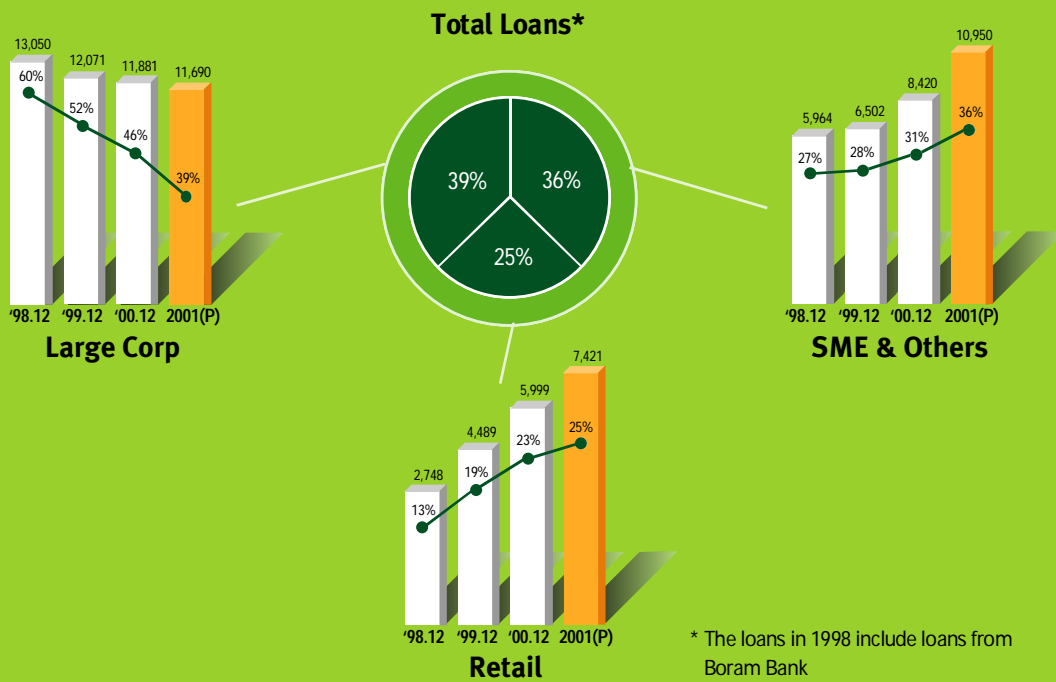
FINANCIAL HIGHLIGHTS



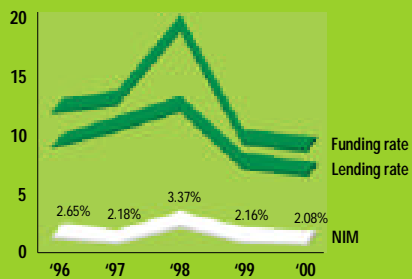
* The definition of total deposits and total loans is different from those in Audit Report (deposits-see page 27, Loans-see page 35)

* Trust account is included in total assets, total deposits and total loans

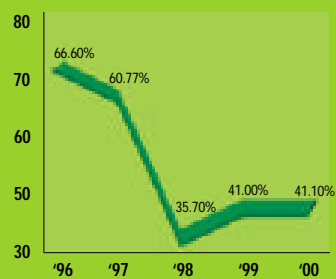
Re-balancing Portfolio



NIS and NIM(%)



Cost-income ratio(%)



* see page 27



Chairman & CEO Seung-Yu Kim

In order to enhance asset quality, we believe the **right mind-set** is the foundation for the sound management of financial institutions. Hana Bank has that mind-set.

LETTER TO SHAREHOLDERS

My dear shareholders,

In retrospect, the year 2000 was another turbulent period for Korea. The untangling of the Daewoo problem, the management crisis of some large corporations, soaring oil prices, and an intensive corporate restructuring were some of the more serious difficulties that tested the nation's economy as well as the financial industry.

But as before, we have successfully coped with the economic turmoil, and have passed the trials of the economy to come out stronger and wiser. First of all, asset quality was the area to which we devoted the most of our resources and energies. To maintain our long-held tradition of having the best asset quality in the industry, we provisioned W559.7 billion against possible loan loss and wrote off W535.7 billion worth of bad assets, including trust accounts. As a result, our substandard and below credit ratio of FSC standard improved from 8.58% to 5.60% over the past year. Due to the reduction of substandard and below credits, net income amounted to only W20.5 billion, despite operating income, excluding irregular income, increased from W728.9 billion in 1999 to W828.2 billion in 2000. We deeply regret to provide our shareholders with a less cash dividend than the year before.

Our business result reflected the harshness of the market environment, but we have made worthy progress in our strategic areas. We substantially expanded our target customer base of high-net-worth households and professionals. Low-cost deposits increased in proportion to total deposits as well as in volume. Household and SME loans also rose markedly. We have invited Allianz Group, a world leader in asset management, as our new major shareholder, and expanded our capital base with their equity investment. In addition, we have also expanded our business operations by venturing into bancassurance and investment trust management with our new major shareholder. In Internet banking, which is fast-emerging as a strategic area of future financial business, the Bank was named "Best Bank of the Year" by four major dailies. Investment banking was another area where we excelled: We were also named "the best M&A house in Korea" by *Euromoney*.

This year we will keep our management focus on profitability and asset quality.

To improve profitability, we will first upgrade our funding and lending structures. Low-cost funding sources will be further cultivated to raise relatively cheap funds from the present 20% to 25% in terms of proportion to total Won deposits. To further disperse risks inherent in lending, large corporate loans outstanding will continually be redirected to the household and Small & Medium-sized Enterprise (SME) sectors. Such structural upgrading will not only lead to a bigger net interest margin but also become a cornerstone that heightens the Bank's corporate value.

Second, to better carry out the profitability and asset plans, we will realign our operation structure to market needs. As SMEs are growing both in number and in scale, we plan to establish a wholly-independent business unit dedicated to serving that growth market. Our Internet banking services will be further expanded, and our ATMs located at 200 some convenient stores will be given better exposure through an intensive promotional campaign. The use of outside marketing support services, which have proven effective in marketing loans and credit cards, will also be broadened.

The third part of our plan for 2001 is to continue our search for strategic business partners. In addition to bancassurance and investment trust management, we plan to venture into other areas in partnership with the world's leading institutions. Equity partnership will also be given consideration. Last year, we introduced an official electronic authentication card, and this year we will continue developing products that enable corporations to conduct financial transactions online in a real-time environment.

Fourth, we will focus on developing human resources to improve customer service. Encouraged by the performance of Private Bankers and Relationship Managers, we will continue to support our high net-worth customers and corporate finance specialists(RM) to improve their customer relationships. In particular, we will innovate our training programs for tellers, section officers and branch managers, those Bank representatives who are the first to come in contact with customers. Because they can make lasting imprints on customers with their job knowledge and work attitude, we will develop an employee training system that rewards their outstanding customer performance when assisting customers.

In order to enhance asset quality, we believe the right mind-set is the foundation for the sound management of financial institutions. Hana Bank has that mind-set. Our corporate culture of putting bank assets above ourselves has been more effective than any of the most sophisticated systems in keeping our asset quality sound. We will do our utmost to carry on this culture.

Of course, advanced risk management systems can help, and we will continue to upgrade ours. We have been

encouraged by what the recently-developed Hana Grading System has demonstrated in terms of managing credit risk, but it still needs to be improved and fine-tuned. An upgraded Hana Grading System will play an integral part of the total risk management system we plan to complete in the near future. This total system will be used for risk-weighted performance measuring and pricing, which will in turn be a basis of a rational and objective reward system on our agenda. Through this system and other measures, we will strive to bring down our NPL ratio from the 5.6% of last year-end to the 2% level, where most of the world-leading banks stand.

Moreover, with a fully integrated risk management system, we should be able to raise the level of transparency in accounting. Following International Financial Service's recommendations, we have adopted international accounting standards in addition to Korean standards. To list our stocks on major international stock markets, we are taking the necessary steps to adopt U.S. accounting standards.

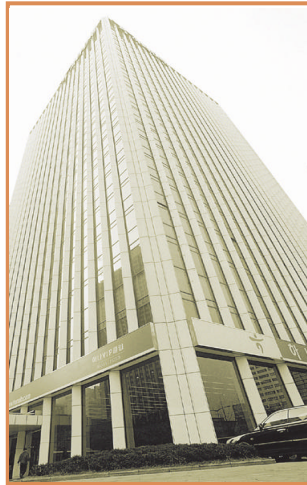
The year 2001 is our 30th anniversary, and our achievements made during the past 30 years are monumental in every aspect of finance. We have consistently posted a net profit performance for 30 years since our conversion to a bank, we have been No. 1 in productivity for the past 10 years. Having completed the restructuring that had lasted over the past few years, we now are in a better position to compensate our shareholders for the trust you have had in us. We project that our net income for 2001 will be around W300 billion, while ROE will exceed 17%. And I assure you that these figures are just the beginning of many heartwarming numbers to come in the near future. I have our patient shareholders, loyal customers and dedicated staff to thank for the picture of a brighter tomorrow.

Sincerely yours,



Chairman & CEO **Seung-Yu Kim**

A GLANCE AT HANA'S 30 YEARS



Hana Bank has come a long way since its inception back in 1971 as a short-term finance and investment company. What grew into the best-performing short-term finance company, however, came to a crossroads in 1990: Facing an increasingly unstable business environment, the company had to choose one of the two roads available-commercial banking and merchant banking. The former was chosen and the choice could not have been more foresighted. All of the Bank's peers that took the other road failed to overcome the blow of the 1997 "IMF crisis" and became insolvent.

Having converted into a bank, Hana quickly discarded the shortcomings inherent in investment finance and kept the strengths, including a fluid corporate culture ideal for adopting changes in the banking environment. Armed with a progressive philosophy, the Bank successfully carried out a niche marketing strategy against the bigger and more established institutions. When the IMF crisis rocked the financial industry to its core, Hana was one of the few that came out from the crisis more respected.

In 1993 when the Bank was only three years into banking operations, Euromoney crowned Hana as the best Korean bank of the year. Other leading trade journals, namely Asiamoney and Finance Asia, followed with their endorsements, which included "Best Domestic Bank in Korea", "Best-Managed Company in Korea", and "Best Domestic M&A House in Korea".

During the past 10 years, the Bank has acquired a regional bank and merged with another commercial bank of similar size and corporate culture. The latter alliance, in particular, has strengthened the Bank's high net-worth customer base, an increasingly lucrative and strategically important niche market.

Hana has grown into a full-fledged commercial bank with a nationwide branch network. And Hana will continue to grow bigger and stronger at a pace faster than its peers.

HANA'S THIRTY

Euromoney picks Korea's best bank

In recognition of the Bank's superior management style, profitability and growth potential, the respected financial journal selected the Bank as "Korea's best bank".



'71 June '90

Korea Investment Finance established



In response to a government effort to bring the curb market into the main stream, a group of investors formed Korea's first privately-owned finance brokerage company.

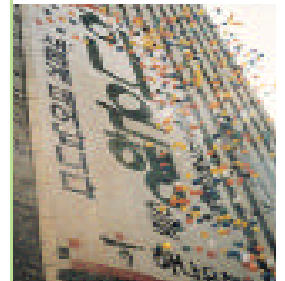
December

No. 1 underwriter

By achieving a total underwriting volume of W1 trillion, the company became a top-ranking underwriter among its peers and securities firms.

'91 July '93 July

Converted to Bank



Having seen the liberalization of the financial markets in the coming, the short-term finance company prepared for an eventual conversion into a bank by building a nationwide branch network, and when the time came, the transition was as smooth as had prepared for.

THIRTY YEARS



Finance Asia honors Hana

Impressed with the Bank's comprehensive risk and cost management systems, the leading Hong Kong-based trade journal named Hana "Korea's best bank".

Asiamoney follows suit

Based on opinions of 250 fund managers of 150 investment firms worldwide, *Asiamoney* included the Bank in its "Korea's 10 best managed companies" list. Hana was the only bank to make the list.



'96 November

'97 June

'98 March June

October



Listed on London Stock Market

Despite negative market conditions at home, the Bank successfully issued US\$73 million worth of GDRs at a 6% premium, confirming its solid overseas credibility.

IFC invests US\$150 million



The World Bank's International Finance Corporation emerged as the major shareholder by investing US\$150 million in the Bank.

Chungchong Hana launched

By taking over Chungchong Bank through P&A, the Bank expanded its branch network by 67 new branches, most of which concentrated in a region where the Bank had little presence. The acquired bank soon became an independent business unit.



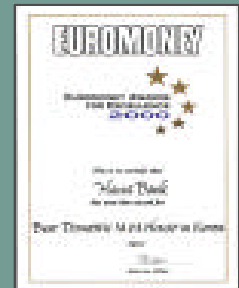


No.1 by customer satisfaction index

The Bank scored the best in the National Customer Satisfaction Index report. The index, developed by Korea Productivity Institute in 1999, calibrates the satisfaction levels of customers with regards to the respective products and services they actually have used.

Euromoney awards HANA as "Best domestic M&A House"

Hana provided M&A advisory service to clients exceeding W420billion in total transaction value.



'98 December

'99 January

December '00 April

December



Top customer satisfaction bank

Korea Management Association awarded the Bank a "Top Customer Satisfaction Award in Banking" based on 6,000 consumers' opinions.

Merger with Boram Bank



The merger with a quality commercial bank with similarities in target groups and management style enabled the Bank to offer better customer service, to expand its customer base of high net-worth customers and to lay a firm foundation for growing into a full-sized financial institution.



Allianz Group becomes major shareholder

One of the world's top-three insurance and financial service groups, Allianz chose the Bank as a strategic partner for its penetration of Korean markets by taking up a 12.5% stake and establishing business ties for future joint ventureship.

**Protecting investor interests and
earning their trust in management
transparency and efficiency**



Young-Ki Kim
Standing Member
of Audit Committee

Jin-Suk Chun
Deputy President
in charge of
Chungchong Hana Bank

Seung-Yu Kim
Chairman & CEO

Kyo-Joong Yoon
Senior Deputy President & COO

K. Joe Song
Deputy President & CIO

Jong-Yeol Kim
Deputy President
in charge of
Retail Banking Group &
Credit Card Business Group

Its international-standard corporate governance structure and on its commitment to build an **unassailable reputation as a trustworthy institution**

GOVERNANCE STRUCTURE

Hana Bank's corporate governance structure was set up with a view toward protecting investor interests and earning their trust in management transparency and corporate efficiency. For higher transparency in bank management, the majority of the Board of Directors comprises non-standing members with distinguished business or academic backgrounds.

The Bank prides itself on a corporate governance structure that meets the international standards and on its commitment to build an unassailable reputation as a trustworthy institution. Hana Bank's management is future-oriented, with proper composition and operation of various decision-making bodies, based on the spirit of creative entrepreneurship.



Board of Directors Steering Committee

The Steering Committee consists of seven board members and is responsible for continually rationalizing the Bank's corporate governance structure, planning for the Board of Directors and its Committees, and appraising the operation of the Board of Directors. It is also in charge of recommending and screening candidates for the Board of Directors (except CEO & Audit Committee members).

Management Development & Compensation Committee

This committee is in charge of coming up with ways to heighten managerial performance. It also evaluates the performance and decides compensation for the Bank President and standing directors. Other duties also include improving the methods used for measuring managerial performance. It consists of four non-standing board members.

Risk Committee

This committee is responsible for the Bank's overall risk management strategy, overseeing the control of general risks and setting limits for market risk, credit risk, operation risk, and other types of risk inherent of the banking industry. It is also in charge of implementing and revising internal regulations pertaining to risk management and reviewing the status of the Bank's risk management activities. It consists of three standing board members and four non-standing board members.

Audit Committee

Launched in 2000 as a way to strengthen the function of auditors and to meet global standards, this committee is in charge of supervising management activities and evaluating internal control systems. It also monitors the performance of the outside auditor. It consists of three members of Board of Directors and two of three committee members are non-standing directors.

VISION AND STRATEGY



Chong-Suk Choi
Senior Executive
Vice President & CFO
Group Head of Strategic Planning
Group

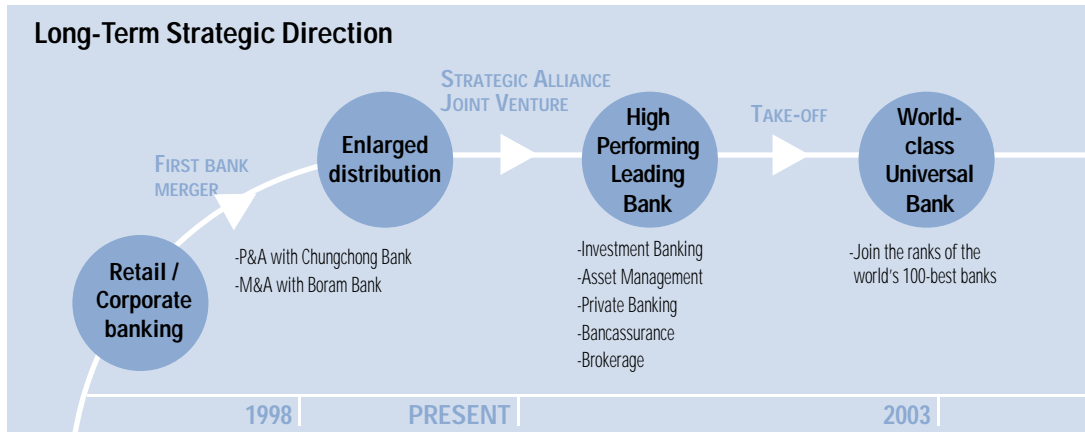
Vision

The Bank's vision is to become a world-class universal bank that consistently delivers maximum shareholders value and offers a complete selection of high-quality financial services.

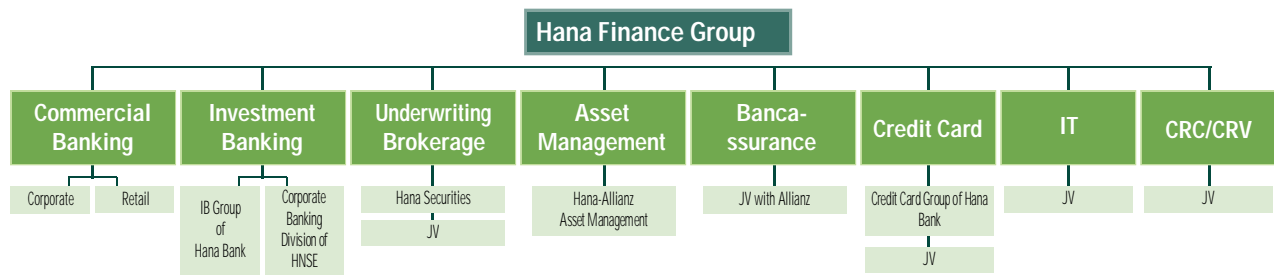
Strategy

Having set a clear vision, the Bank has been making steady progress toward its vision over the years. To expand its market position and distribution channels in retail and corporate banking, the Bank acquired a regional bank in 1998 and merged with a commercial bank with a solid position in the high net-worth individual segment. In addition, to further expand its services and products range, the Bank launched a bancassurance business in cooperation with Allianz AG in February, 2000, and established an investment trust management company in joint ventureship with the world's second largest insurance group in the second half of the year.

The basic strategy for reaching its vision involves strengthening its core areas, which will continue to be retail, corporate, and investment banking.



Becoming a world-class universal bank that consistently delivers maximum shareholders value and offers a complete selection of **high-quality financial services**



Commercial Banking : >>> **Retail banking** To better develop its VIP-rich customer base, the Bank employs a Personal Banker system to cross-sell various products to customers in the middle and higher income brackets. The Bank also raises low-cost funds by serving the mass market through low-cost distribution channels .

>>> **Corporate banking** The Bank has been reducing its exposure to the large corporate sector. Instead, it is increasing the range of services, including offering more loans to medium-sized businesses through its Relationship Manager system.

Investment Banking : The Bank plans to bolster its underwriting, brokerage, project financing and M&A advisory operations by finding a strategic partner of world-class level for its securities subsidiary.



Underwriting & Brokerage : The Bank offers underwriting and brokerage services in cooperation with its securities trading arm, Hana Securities. To strengthen its sales capacity and improve risk management, the trading subsidiary plans to pursue either business ties with global leaders in securities trading or adoption of advanced operation systems. The existing Internet trading services will continue to be upgraded and marketed. Moreover, by sharing customer databases and coordinating marketing strategies, the two institutions plan to expand cross-marketing programs to retail and corporate customers.

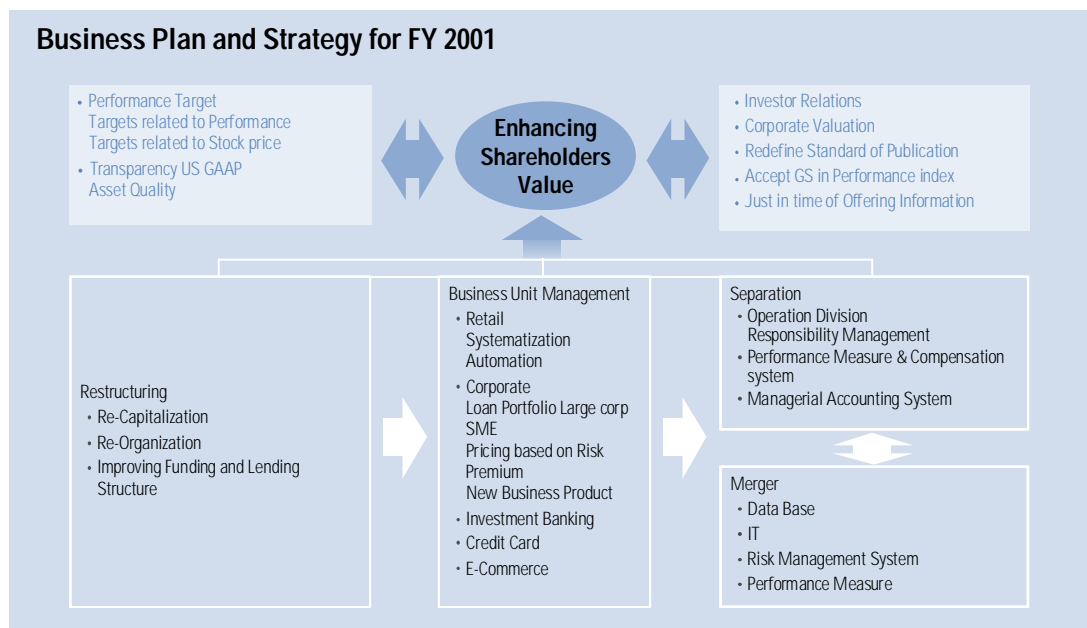
Asset Management : Asset management is one of the areas the Bank has recently ventured into by forming Hana Allianz Investment Trust Management Corporation with Allianz Group, its major shareholder. The Bank and the world's leading insurance corporation plan to nurture the first product of their strategic partnership into Korea's leading asset management company.

Bancassurance : Bancassurance is another latest addition to the Bank's operations. Launched together with Allianz, the Bank's bancassurance business is scheduled to grow into a joint venture company.

Credit Card : Credit card business holds a great future for the Bank's vision of a world-class financial group. To better keep up with market demand, the Bank has recently upgraded its credit card business to a fully-independent unit. To further take advantage of its growth potential, the Bank plans to find the right partner from overseas.

IT : To improve operation efficiency and cut costs, the Bank plans to establish a subsidiary that will provide IT support to all Hana Financial Group members.

CRC / CRV : By establishing a subsidiary specializing in bad asset management, the Bank plans to improve upon its soundness and to prepare to venture into the asset management area.



2001 BUSINESS PLAN

For 2001, the Bank has set specific targets in three areas: profitability, soundness and capital. In regard to profitability ROE of 17.63%, ROA and NIM are targeted at 0.73% and 2.49%, respectively. The soundness target is a substandard and below credit ratio of 1.64%. The capital-related targets are, EPS of W2,093, BPS of W12,519, and BIS capital adequacy ratio of 10.91%.

Performance Target Strategies

1. Restructure operations>>>

Improve funding and lending structures

Funding: Expand low-cost funding sources

Lending: Reduce exposure to large corporations and increase exposure to the SME and household sectors

Re-organization: Gear operation structure to customer needs and income source development

Re-capitalization

2. Bolster management by operation>>>

Retail banking: Systemize and automate the operating base

Corporate banking: Improve the asset quality of credit exposure portfolio, fine-tune pricing to better reflect risk, and develop new business products

Investment banking: Expand operation to increase fee-based income

Credit card: Step up marketing and increase fee-based services

e-commerce: Expand the online infrastructure and upgrade services to attract more customers away from teller services, thereby cutting costs while increasing low-cost deposits.

3. Separate and integrate>>>

Separation

Separate each operation division into an autonomous business unit as a way to instill accountability in management and modify each unit to customer needs.

Develop a rational performance measurement and compensation system as way to maintain employee quality.

Integration

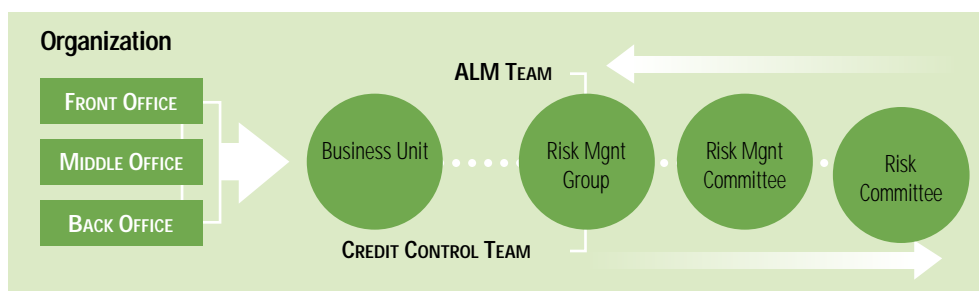
Integrate IT, risk management, performance measurement and database systems to bring efficiencies to operation and to improve employees' customer skills.

RISK MANAGEMENT

RISK MANAGEMENT SYSTEM

Risk management governance

As illustrated in the diagram below, the Bank's risk management governance structure comprises four bodies: Risk Committee, Risk Management Committee, Risk Management Group, and the Middle Offices.



Dal-Yong Lee
Senior Executive Vice
President & CFO

Jeong-Ho Suh, Ph.D
Executive Vice President &
Group Head of Risk
Management Group

Risk Committee

The Risk Committee, the highest risk-related decision-making body, sets limits on how much risk the Bank can take in each business. Comprising the Bank President, two deputy presidents and four non-standing board directors, this committee also sets and revise basic risk management policies and guidelines, decides the amount of risk-weighted capital to be allocated to each unit and reviews the Bank's risk exposure and management status.

Risk Management Committee

The Risk Management Committee monitors whether the business units are adhering to risk limits and checks the Bank's exposure to each risk on a monthly basis. Consisting of seven heads of business divisions, this committee convenes at least once a month and ensures that each business division's operations meet the risk guidelines set by the Risk Committee.

Risk Management Group

The Risk Management Group manages all risk-related activities and issues arising from the banking operations. The group consists of two teams: ALM and Credit Control Teams. The former is in charge of market risk and liquidity risk, while the latter handles credit risk. Together, the two teams monitor the Bank's risk status, measure risk, keep track of the Bank's assets exposed to risk, and forecast the movement of risk variables. The teams also interact with the Middle Office of each business unit on all risk-related activities pertaining to the unit. In addition, the teams report the Bank's risk exposure and risk management status—including the Middle Offices' activities—to the two committee and to the management.

RMS Project

The Bank is in the process of establishing a total risk management system that identifies, measures, monitors and evaluates all risks inherent in the banking operations. For the initial stage, the Bank, in consultation with IBM and LKFS, has drawn up plans to upgrade the local and foreign currency front systems and the ALM system and defined the requisites for establishing a risk management system for each type of risk. Also completed is a data mart modeling for compiling and processing risk data at the main server. The next stage will involve forming a project team with the skills defined as necessary in the initial stage and establishing the integrated risk management system. Once completed in a year or so, the system is expected to create efficiency in the way the Bank manages its assets and to increase shareholders' value.

With efforts on **reducing precautionary and below credit exposures**, the bank's year-end asset soundness was one of the best in the industry

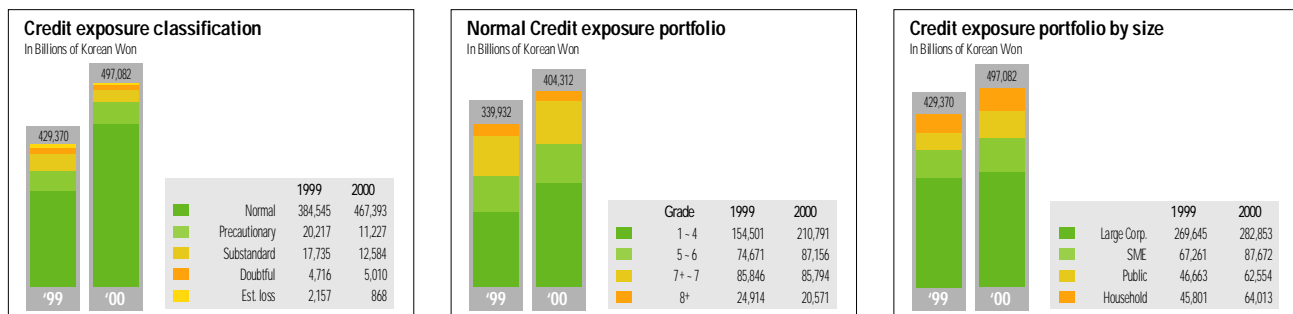
CREDIT RISK MANAGEMENT

Asset quality improved

Because credit risk is such an important issue in banking business, the Bank makes an all-out effort to contain it within an acceptable limit.

During 2000, the Bank paid a particular attention to the asset quality of its credit portfolio. The Bank made a concerted effort to reduce its precautionary and below credit exposure, including the adoption of a "Watch List" system. The Bank also wrote off and sold a substantial portion of its non-performing credit exposures. "Credit exposure" is defined as loans and securities in bank and trust accounts.

Such efforts paid off, and the asset quality of the Bank's credit exposure portfolio has markedly improved over the past year. As the chart below shows, precautionary and below credit exposures decreased by 33.8%, while total credit exposure increased by 15.8%.



In addition to its credit exposures portfolio, the Bank's normal credit exposure portfolio has improved in quality over the year. As a result of the Bank's conservative credit exposure management, credit exposures of Grade 1 to Grade 4, or low-risk credit exposures, increased by 36.4%, while high-risk credit exposures, Grade 8, dropped by 17.4%.

The improvement in asset quality also accompanied a readjusting of the by-industry credit exposure portfolio that has led to a reduction in the Bank's credit exposures to high-risk industries. In response to the weakening economy, the Bank reduced its exposures to construction and wholesale which carry higher risk in times of economic slowdown. As of 2000-end, the Bank's credit exposures in these areas accounted for 9.3% of total credit exposures, a substantial drop from 13.6% of the previous year.

The Bank also continued its efforts to dilute the unhealthy concentration of credit exposure in the large corporate sector which carries relatively higher risk. In particular, by constantly readjusting credit limits of large corporate borrowers to their latest ratings, the Bank reduced its credit exposure to the sector by 6% points. Its credit exposure to the SME and household sectors, on the other hand, has increased substantially. To further reduce its large corporate exposure, the Bank will adopt more stringent credit exposure review standards and update corporate credit ratings on a quarterly basis.



Credit management strengthened

International-standard corporate credit risk evaluation system adopted

The Bank uses a Hana Credit Grading System, an international-standard corporate credit risk evaluation system and the banking industry's first of its kind. The system was developed in cooperation with International Financial Corporation, one of the Bank's major shareholders. Currently, there are 100 credit evaluators thoroughly trained on the use of the sophisticated system. These credit evaluation specialists also function as Relationship Managers. The results produced from the Hana Credit Grading System serve as important information and data for the Bank's making of decisions ranging from innovating credit-related work processes to improving the management decision process.

Credit risk review strengthened

The Bank regularly assesses the credit risk of the top 60 business groups and adds any high-risk groups to the watch list for constant monitoring. When assessing credit risk, the Bank applies forward-looking criteria. Corporate borrowers with loans of W10 billion or higher are constantly monitored for any signs that could negatively affect their credit ratings.

Five times a year, each branch also conducts a loan review that involves fine-tuning the loan limits, rating, and credit risk of its small-amount borrowers. Branch personnel in charge of loan review are regularly educated and trained on the importance of sound credit management. Seminar is held twice a year on the prevention of loan default, covering the latest in the cause of loan default and how to deal with it.

Credit decision-making process digitalized

For the first time in the Korean banking industry, the Bank has digitalized its entire credit decision-making process from loan application to credit evaluation to loan approval. This digitalization is a result of the Bank's years-long effort to build a computer database of corporate credit ratings, credit evaluation results and other related data. The automation of the lending process has introduced efficiencies into the Bank's credit business, and it has also greatly improved customer relationships.

Measures to be taken in 2001

The Bank will continue to use every possible means to reduce problem-credit exposures and to fortify credit exposure management. By keeping close tabs on its outstanding credit exposure by borrower, business type, and product, asset concentration will be prevented and credit risk will be spread out. By running its credit risk management system through various scenarios of different market conditions, the Bank will further hone its ability to allocate assets and capital in an efficient manner under any circumstances. In addition, through education and training, a team of qualified credit risk managers will be fostered. A new credit risk manager course will be created, more seminars on industry development will be held, and manuals of how to evaluate credit risk by industry will be made available.

A Hana Credit Grading System is an international-standard corporate credit risk evaluation system and the banking industry's first of its kind

MARKET RISK MANAGEMENT



Interest rate risk management

To maximize net interest income while maintaining interest rate risk at an acceptable level, the Bank actively manages the matching of its assets and liabilities. It minimizes risk arising from interest rate fluctuations by analyzing interest rate sensitivity gaps of assets and liabilities on a monthly basis and maintaining the ratio of assets to liabilities on an accumulative basis at 90% to 160%. (see page 34) The Risk Committee sets the ratio limits and the ALM team reports monthly to the Risk Management Committee about the ratio.

Price risk management

Price risk facing Korean banks has increased in degree and in kind over the past few years. In the name of market liberalization, the government continues to expand the limit within which market variables can fluctuate in price. The futures market has been thriving since its opening two years ago. To effectively manage price risk arising from the fluctuation of stock prices and exchange rates, and other market variables, the Bank uses a VaR (value-at-risk) methodology in its management of all investments related to market risk, such as securities, derivatives, etc.

To measure price risk, the Bank uses the value-at-risk ("VaR") methodology, which captures the potential loss from adverse market movements. This methodology in turn is based on a Delta-Normal method applied 10-day-hold period and confidence level of 99%. To supplement its VaR measurement, the Bank also uses a stress test based on the standard model of Derivatives Policy Group reflected extreme shock. (see page 34)

Each year the Risk Committee allocates a certain portion of the Bank's net worth against price risk, and, for each quarter, sets exposure and loss limits by product using a risk-weighted performance index. The Risk Management Group reports daily, weekly, monthly and quarterly to the Risk Committee and the Risk Management Committee about the Bank's exposure to price risk and any price risk-related developments.

Liquidity risk management

Liquidity risk is expected loss from the possibility of the Bank's inability to meet its liability obligations. The loss of investment opportunities due to liquidity problem is considered to be a part of liquidity risk. The Bank sets liquidity limits on all its assets, liabilities and derivatives trading, and it maintains liquidity based on the calculation of liquidity gaps between assets and liabilities of the same maturity. In the case of assets and liabilities with three-month-or-less-maturity, the ratio of assets to liabilities is to be maintained above 100%, which is well within the limit recommended by the Financial Supervision Service (FSS). (see page 34)

As of end of 2000, the Bank's local currency liquidity ratio was at 122% according to the FSS's guidelines. To maintain short-term foreign currency liquidity, the Bank has set the limits for the mismatch ratios of assets and liabilities maturing in seven days and one month to total foreign currency assets at FSS-recommended over 0% and over -10% relatively. As of the year-end, these two ratios were 19.5% and 23.5%, testaments to the Bank's sound foreign liquidity position.

On a monthly basis, the Risk Management Committee checks the Bank's exposure to liquidity risk based on a liquidity gap ratio and cash flow reported by the ALM team and the Middle Offices. The committee also readjusts the funding and asset management policies so as to keep the exposure within the limits set by the Risk Committee.

Focusing more on profitability and customers allows each division to better develop its **primary strengths**, more closely tie results to **strategic capability** with the continuously changing competitive environment

PROFIT CENTERS

In 2000, the Bank began a realignment of its organization to better focus on profitability and customers. This new organization is designed to allow each division to better develop its primary strengths, more closely tie results to rewards, better perform risk management, and improve strategic capability with the continuously changing competitive environment. The new organization consists of eight profit centers: retail banking, credit card, corporate banking, investment banking, treasury, Chungchong Hana, trust business, and e-commerce business groups.

Retail banking group

The Retail Banking Group is one of the three pillars buttressing the Bank's push toward world-class banking. The group contributes to the growth of the Bank's profit base by improving upon its dominance of the high end of the retail market and expanding its position in the middle market. To further develop its core customer base, the group runs 49 branches and 16 private banking centers where 77 Private Bankers cater toward high net-worth customers. Thoroughly trained in diverse aspects of banking, the group's Private Bankers provide VIP customers with comprehensive asset management service including financial planning, sale of mutual funds, advice on tax and real estate expertise.

In 2001, the group will focus on increasing household loans and low-cost deposits. To increase household loans, the sales organization will be bolstered, the loan broker system expanded, marketing of collateral-linked project financing stepped up toward housing constructors, and sale of real estate investment trusts strengthened. The group plans to expand household loans from the current 20% to 25% in proportion to total loans by the year-end. To attract more low-cost deposits, the securities trading deposit account will be marketed, use of internet banking including virtual accounts aggressively promoted and ATMs made more available.



Jung-Tae Kim Senior Executive Vice President & Group Head of Retail Banking Group

Credit card business group

The credit card business group is one of the Bank's fastest growing profit centers. As of the end of 2000, the group posted W1,250 billion in billings, which represents a 103% jump from the year before. The Hana Bank card membership hovered at 690,000 and merchants accepting the Bank's cards numbered 54,000. The group issues and markets credit cards under the name, Hana, affiliated with Visa, Master, or JCB Card.

In developing innovative products, the group stays a step ahead of customer needs. The Hana Save Card is popular for its three-month-no-interest payment feature. The Hana Eve Card was developed with features addressing woman needs. And the Hana Save & Joy Card offers a special discount at selected merchants. Also available from the card selection is an affinity card that offers mileage and other related benefits together with Korean Airlines. In 2001, the group plans to expand the profit base by developing Visa-affiliated revolving and business cards. In particular, the group intends to focus on gold and platinum cards for high-income and high net-worth customers.

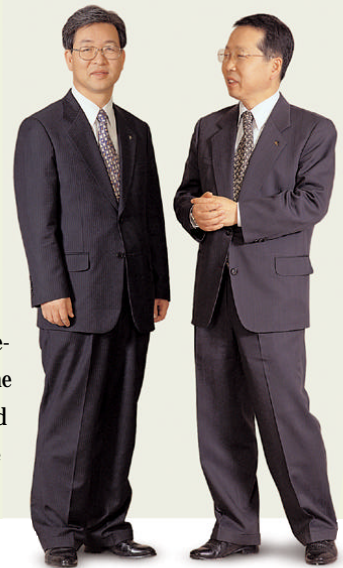


Hoon-Kyu Kim
Senior Executive Vice President
& Group Head of Corporate
Banking Group

Corporate banking group

The Corporate Banking Group has recently been reorganized to better respond to market changes and to compete more effectively with its peers. The new group now consists of large corporate business and SME business divisions and has expanded the Relationship Manager (RM) system for its SME business and global banking operations. The group's 21 teams of Relationship Managers are groomed into corporate banking specialists through rigorous training programs including courses on analyzing the current value and future redemption abilities of corporations.

The group has been reducing its large corporate loan portfolio for the past few years, and plans to further cut the ratio of total corporate loans from 46% to 39% by this year-end. To supplement the income base, the group is focusing on its fee-based businesses, including asset-backed securitization, underwriting, CLO, and derivatives trading, to name a few. As a part of its customer service, the group regularly provides 7,500 clients with the up-to-date information on interest rates, exchange rates and taxes. To expand its customer base of small proprietorships, the group plans to develop a scoring system to streamline its lending process. A user interface system combining corporate transaction settlement and other value-added services ideal for corporate customers is also planned. As corporate customers use the system to conduct their business transactions, the group can monitor all transactions and make loans for their settlement and purchases. Moreover, such customers will be more inclined to transfer funds, including employee salaries, through the Bank.



Hee-Dae Kim
Executive Vice President
& Group Head of Large Corporate
Promotion Group

Hee-Won Shim
Executive Vice President & Regional Group
Head of Regional SME Banking Division II

Investment banking group

Regarded as the pioneer in investment banking in Korea, Hana Bank's Investment Banking Group, with its prominent professionals and broad networks, continues to provide the highest quality financing and advisory services to the satisfaction of both domestic and international clients. The Group is composed of the Investment Banking Team and Venture Investment Team. The Investment Banking Team provides financial advisory services relating to Mergers & Acquisitions, Corporate Restructuring, Project Finance, Privatizations and Private Equity Investment. The Venture Investment Team makes equity investment in, and provides related advisory services to venture companies that are in the initial stage of establishment or in the pre-IPO stage.

Some of the highlights made in 2000 attest to the leadership position of the group. The group provided M&A advisory services to both buy- and sell-side clients with a total transaction value exceeding W420 billion. The group also syndicated a total of W1.1 trillion through non- and limited-resource project financing. In recognition of the group's stellar investment banking performance, the Bank was named "Best Domestic M&A House" by Euromoney, and ranked "No. 6 in project financing in Asia" and selected as "Runner-up for Best LBO Deal" for Project Mercury by The Asset.



Woong-il (Francis) Lee Senior Executive Vice President &
Group Head of Investment Banking Group

In line with the Bank's effort to improve the caliber of its asset managers, the group plans to bolster the managerial accounting system to better measure the performance of each manager

Treasury group

The Bank Account Treasury Group is in charge of overseeing the Bank's liquidity, profitability and asset soundness. To maintain sound asset quality in the face of the volatile financial market, the group focused on reducing the Bank's high-risk asset portfolio and made encouraging progress. As of the end of 2000, the Bank's securities portfolio comprised government bonds and other high-quality investment instruments. As a result, the group's performance in improving the Bank's asset quality exceeded the industry average.

In 2001, the group will continue its focus on the asset quality of the Bank. The risk management systems will be constantly updated with the latest in software and hardware. In line with the Bank's effort to improve the caliber of its asset managers, the group plans to bolster the managerial accounting system to better measure the performance of each manager. Because the foreign currency market is known for its volatility, the Foreign Currency Money Market Team will join the group and closely cooperate with the group's Domestic Currency Money Market Team. The two teams cooperating to shield the Bank from the wild fluctuation of currencies will make the group's other operations more efficient.



Jin-Sung Kim Group Head of Treasury Group

Chungchong Hana Bank

Since the P&A of Chungchong Bank in 1998, the Chungchong Group has represented the Chungchong region including the Taejon metropolitan area in spirit and in substance. Thanks to its biggest presence in the region, the group has enjoyed an averaged growth rate in deposits of over 50%. Such an impressive growth can be attributed to its active community involvement. It has contributed to a local credit guarantee cooperative and an SME support center, both of which pursue the growth of the region's SME industry. In addition, as the treasury of Taejon City, the group teamed with the municipal government to set up a digital infrastructure to cut costs for the city's civil service operations to make them more efficient.

In 2001, the group aims to increase its net profit by 42% by raising total deposits by 46% and total loans by 59%. To increase household deposits, the group plans to target high income professionals and families. One-on-one marketing will be employed, while the Private Banker system will be further expanded through the branch network. The group will step up its effort to develop housing financing products that meet local customer needs and launch an intensive marketing campaign. Increasing joint projects with local civic bodies and business organizations will further strengthen the group's ties with them. By analyzing the SWOT of its peers, the group will fortify its position in some of the less-established areas.



Sung-Ho Choi
Senior Executive Vice President & Group
Head of Chungchong Hanabank



Trust business group

The Trust Business Group was the de facto leader in the domestic trust account business in 2000. The group either maintained the Bank's leadership position or improved its standing in a number of areas-- setting new industry records in the process. In total, the Bank had the largest position in 6 trust account markets, including specified money trust. For the first time in bank trust business, the group arranged and provided a trustee service to an asset-backed commercial paper issue and sold a will trust account.

The Trust Business Group comprises a trust fund team and a trust management team. The former operates traditional investment vehicles, such as stocks and bonds, as well as real estate and asset-backed securities. The latter ensures the transparent and efficient operation of trust investments. The group's strength lies in the close relationships it has established with high net-worth customers through the Bank's Private Banker system. High on its agenda for 2001 is reshuffling the components of its trust account portfolio with specified money trusts.

Michael Jeung Sae Lee Group Head of Trust Business Group

e-commerce business group

The Bank's basic strategy in e-business is called "e-transformation", which centers on strengthening customer relationships and creating additional value by transforming the current branch-based financial process into an information dealing process using digital channels. To bolster its e-business, the Bank has put more human and monetary resources on it through internal and external recruits for young pioneers. For corporate customers, the group offers cash management services, corporate banking system, virtual account services, and corporate credit cards. The group also offers individual PFM, as well as retail banking services. As icing on the cake, at the end of last year, the Bank's home site, hanabank.com received 4 Hit Web Site awards from major Korean newspaper companies for its convenience and qualified services .

In line with the Bank's strategy to increase SME loans, the e-Commerce Business Group developed a corporate purchasing fund loan and marketed it in cooperation with related business groups. As of the year-end, the Bank had the biggest share in this growth market. To expand its position in the online settlement market, the group is establishing a foothold in the digital identification card market created for government contractors. The group will accomplish this by linking its e-cash business with the purchase cards, buyer credit, receivable notes-backed loans and other similar products of other groups. An official settlement bank enjoys various benefits, including a steady flow of funds and new income opportunities. In cooperation with other financial institutions, the group is preparing demographic-based Web marketing and one-to-one personalized marketing programs for the planned introduction of the fully integrated one-stop financial service.



Sung-Yoon Song
Senior Executive Vice President &
Group Head of Banking Support Group

In-Sung Kang
Group Head of Information
and Technology Group



FINANCIAL Section

- 22 MANAGEMENT DISCUSSION & ANALYSIS
- 37 REPORT OF INDEPENDENT ACCOUNTANTS (Banking Accounts)
- 38 NON-CONSOLIDATED BALANCE SHEETS (Banking Accounts)
- 39 NON-CONSOLIDATED STATEMENTS OF INCOME (Banking Accounts)
- 40 NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED
EARNINGS (Banking Accounts)
- 41 NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (Banking Accounts)
- 42 NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
(Banking Accounts)
- 67 REPORT OF INDEPENDENT ACCOUNTANTS (Trust Accounts)
- 68 BALANCE SHEET OF TRUST ACCOUNTS
- 69 STATEMENT OF OPERATIONS OF TRUST ACCOUNTS
- 70 NOTES TO FINANCIAL STATEMENTS OF TRUST ACCOUNTS
- 73 REPORT OF INDEPENDENT ACCOUNTANTS (Consolidated)
- 74 CONSOLIDATED BALANCE SHEETS
- 75 CONSOLIDATED STATEMENTS OF INCOME
- 76 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
- 78 CONSOLIDATED STATEMENTS OF CASH FLOWS
- 79 CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

Management Discussion and Analysis

years ended December 31

Key Financial Data (note 1)

	2000	1999	1998
Operating Results (In billions of Korean Won)			
Operating Income(loss)	-61.6	81.0	176.0
Net interest income	693.6	522.9	412.2
Interest income	2,954.8	2,276.6	1,801.7
Interest expenses	2,261.2	1,753.7	1,389.5
Net of non-interest income	107.0	252.8	59.4
Net of commission income	115.2	80.4	81.7
Net of other operating income	-8.2	172.4	-22.3
General and administrative expenses	-340.6	-299.0	-167.8
Provision for credit losses (include provision for Guarantees and Acceptances)	-521.6	-395.7	-127.8
Net of non-operating income	78.9	131.2	-46.2
Ordinary income	17.3	212.2	129.8
Net of extraordinary income	15.8	0.0	0.0
Income before income taxes	33.1	212.2	129.8
Income tax expense	12.6	67.9	19.0
Net income	20.5	144.3	110.8
Per Share Data (won)			
Earnings per common share	124	1,353	1,790
(Fully diluted)	130	726	1,505
(Diluted-exclude preferred share held by KDIC)	156	1,252	1,505
Dividends per common share	200	400	400
Book value per common share	11,442	11,735	12,346
(Fully diluted)	9,220	8,638	11,216
(Diluted-exclude preferred share held by KDIC)	11,312	11,493	11,216
Profitability ratios (%)			
Return on assets	0.06	0.55	0.82
(FSC standard)(note 2)	0.05	0.47	0.69
Return on average common equity	1.06	10.58	11.35
(FSC standard)(note 3)	1.16	8.27	11.35
Net interest margin	2.08	2.16	3.37
(FSC standard)(see table 3)	2.07	2.16	3.34
G & D expenses to operating income ratio (see table 14)	42.5	38.5	35.6
Balance sheet data (In billions of Korea Won)			
Loans	25,608.6	17,970.3	7,700.2
Securities	11,918.5	9,708.2	5,635.9
Total assets	41,774.1	32,378.5	16,711.7
Deposits	28,753.3	23,019.7	10,838.3
Borrowings	2,663.9	2,804.7	1,468.3
Debentures	1,771.1	920.4	586.9
Total liabilities	40,015.7	30,612.9	15,848.4
Common stock	621.8	550.8	349.6
Preferred stock	335.4	472.8	0.0
Total shareholders' equity	1,758.4	1,765.6	863.3
Asset quality ratios (amount - billion won, ratio - %) - Banking account only (see table 16, 19, 20)			
Total credit of banking account	26,681.6	18,940.3	92,502
Amount of substandard and below credits	1,384.1	1,410.6	186.1
Allowance for possible loan losses & Reserve for possible losses of G&A	861.2	705.0	239.4
Substandard and below ratio	5.19	7.45	2.01
Coverage ratio			
Reserve for credit losses/Total credits	3.23	3.72	2.59
Reserve for credit losses/Substandard and below credits	62.22	49.98	128.64
Capital Adequacy ratios (%) (Consolidated Base) - FSC standard			
Total capital ratio	10.45	12.33	13.10
Tier I ratio	6.50	8.99	7.90
Tier II ratio	3.95	3.54	5.20

note 1) All financial information set forth below is given on a non-consolidated basis and reshuffled in accordance with the 2000 line item classification.

The result of trust business reflected in the banking account on non-interest income is discussed in separate part of MD&A

note 2) Total average asset includes interest and principle guaranteed trust

note 3) Average equity includes preferred equity held by KDIC

Overview

During the year 2000, the Bank devoted the most of its resources and energies to improving asset quality. (A total of W559.7 billion was provisioned against possible credit losses and W535.7 billion Worth of bad assets was written off, those in including trust accounts.) As a result, the substandard and below credit ratio calculated based FSC standard improved from 8.58% to 5.60% over the past year. The coverage ratio of provisions for credit losses to substandard and below credits rose from 45.17% to 59.89%. As a result of these asset quality improvement actions, the Bank's net income fell by W123.8 billion to W20.5 billion.

In 2001, the Bank plans to increase provisions against possible credit losses by W320.9 billion, in order to completely erase the remaining bad assets from the balance sheet: W532.8 billion worth of assets will be written off, and W500.0 billion sold off, including bad assets in trust accounts. Once these clean-asset measures have been carried out, its substandard and below credit ratio will be 1.63%, while provisions against credit losses will account for 82.82% of total substandard and below credit.

Net income

As of the end of 2000, net interest income, the backbone of the Bank's income base, stood at W693.6 billion, up 33% from the year before. Net of non-interest income dropped W145.7 billion over the year. This drop stemmed from a W74.2 billion decrease in securities-related gains(see table 10, 18) due mainly to the sluggish stock market and a W105.8 billion decrease in income from trust operation(see table 10,17). These decreases overwhelmed a W41.3 billion increase made in fees and commissions in Banking account operating. (see table 10)

(table 1) Income statement

	In billions of Korean Won		
	2000	1999	1998
Operating Income(loss)	-61.6	80.9	176.0
Net interest income	693.6	522.9	412.2
Interest income	2,954.8	2,276.6	1,801.7
interest expenses	2,261.2	1,753.7	1,389.5
Net of non-interest income	107.0	252.8	59.4
Fees and commissions(note1)	115.2	80.4	81.7
Net of other operating income	-8.2	172.4	-22.3
General and administrative expenses	-340.6	-299.0	-167.8
Net of provisions for credit losses	-521.6	-395.7	-127.8
Net of non-operating income	78.9	131.2	-46.2
Ordinary income	17.3	212.2	129.8
Net of extraordinary income	15.8	0.0	0.0
Income before income tax	33.1	212.2	129.8
Income tax expense	12.6	67.9	19.0
Net income	20.5	144.3	110.8

note1) Consist of Fees and Commissions in banking account operation and Fees on termination of trust account (see table 10)

General & administrative expenses swelled 14% to W340.6 billion as a result of increased assets and branches.(see table 13 and 14) Net provisions for credit losses also rose W125.9 billion over the year,(see table 15 and 16) which consequently reduced net income to W20.5 billion.

Net interest income

Net interest income rose 32.6% to W693.6 billion. Net interest income in local currency rose 35.9% to W644.9 billion, while that in foreign currencies inched up W0.3 billion. The increase of net interest income reflects a healthy rise in interest income in relation to interest expenses. Interest income rose W678.2 billion while interest expenses increased W507.5 billion, resulting in a net interest income of W170.7 billion.

(table 2) Net interest income

	In billions of Korean Won		
	2000	1999	1998
Interest income	2,954.8	2,276.6	1,801.7
Won currency	2,677.0	2,014.2	1,578.0
Loans	1,643.0	1,168.8	1,054.8
Due from banks(note1)	114.3	162.6	38.8
Securities	898.8	653.2	455.0
Others	20.9	29.6	29.4
Foreign currency	277.8	262.4	223.7
Loans	208.0	201.0	159.5
Due from banks	31.0	2.3	50.4
Securities	38.8	39.1	13.8
Interest expenses	2,261.2	1,753.7	1,389.5
Won currency	2,032.1	1,539.7	1,206.6
Deposits	1,583.4	1,223.7	813.6
Borrowings(note2)	314.7	207.7	308.1
Debentures	112.0	69.1	34.0
Others	22.0	39.2	50.9
Foreign currency	229.1	214.0	182.9
Deposits	39.2	46.2	61.3
Borrowings	152.3	144.1	90.7
Debentures	30.2	18.1	23.7
Others	7.4	5.6	7.2
Net interest income	693.6	522.9	412.2
Won currency	644.9	474.5	371.4
Foreign currency	48.7	48.4	40.8

note1) Exclude Reserve deposit in Bank of Korea

note2) Include Borrowings, Call money, Bonds sold of repurchase agreements, Bills sold, Due to BoK in foreign currencies

Net interest margin, which had dipped noticeably in the 4th quarter of 1999 due to the Daewoo crisis, began a steady rise in 2000, as the Bank continually improved its asset and liabilities portfolios and written off non-performing assets. As a result, net interest spread calculated by FSC standard rose 0.8% points from the 1.42% of the 4th quarter in 1999 to 2.22% in the 4th quarter in 2000, which is based on quarterly average balance.(see table 3)

(table 3) Trend of NIM(FSC standard)

unit : %

	1Q. '99	2Q. '99	3Q. '99	4Q. '99	1Q. '00	2Q. '00	3Q. '00	4Q. '00
Lending rate	11.85	9.20	9.04	8.14	8.73	9.06	8.76	8.91
Funding rate	8.62	7.81	7.45	7.20	7.23	7.18	7.09	7.09
Net interest spread	3.23	1.39	1.59	0.94	1.50	1.88	1.67	1.82
Net interest margin	3.28	2.18	2.11	1.42	1.81	2.22	2.02	2.22

* The differences between FSC standard and audit report are as follows.

- FSC standard treats stock as interest earning asset and dividend as interest revenue
- FSC standard treats credit card account as an interest earning asset and fees from credit card account as an interest revenue
- Total interest earning asset is deducted by provision for credit losses by FSC standard

Average Interest-Earning Assets and Lending Rate

(table 4) Average Interest-Earning Assets and Lending Rate

unit : In billions of Korean Won

	2000		1999		1998	
	Average bs	Rate(%)	Average bs	Rate(%)	Average bs	Rate(%)
Won currency	30,048.7	8.91	20,932.8	9.62	9,837.6	16.04
Loans	18,478.0	8.89	12,223.0	9.56	6,202.7	17.01
Due from banks(note1)	1,373.9	8.32	2,259.7	7.19	332.5	11.66
Securities	10,196.8	8.81	6,450.1	10.13	3,302.4	13.78
Foreign currency	3,294.5	8.43	3,308.3	7.93	2,407.2	9.30
Loans	2,436.9	8.54	2,499.5	8.04	1,460.9	10.92
Due from banks	426.9	7.27	406.0	5.50	716.2	7.04
Securities	430.7	9.01	402.8	9.72	230.1	6.02
Total Interest-Earning Assets	33,343.2	8.86	24,241.1	9.39	12,244.8	14.71

note1) Exclude Reserve deposit in Bank of Korea

Total interest-earning assets rose 37.5% over the year to W33,343.2 billion, averaging a 86.2% growth rate for the past two years. Interest earning assets in local currency rose W9,115.9 billion to W30,048.7 billion, while those in foreign currencies decreased W13.8 billion to W3,294.5 billion. Local currency interest-earning assets rose sharply, as the Bank benefited handsomely from a quality flight triggered by the instability of the capital markets. Foreign currency assets, on the other hand, decreased because the Bank, mindful of the lessons of the 1997-98 financial crisis, has continued recalling high-risk overseas investments and maintained a conservative investment stance.

Average rate of return on interest-earning assets continued to decline since 1998 due to falling interest rates, but the rate of decline began to ease beginning in the second half of 1998. In 1997 and 1998, the government had applied a high interest rate policy to jump start the then lethargic economy, and, as the economy began to pick up steam in the latter half of 1998, interest rates were reduced to the previous level. Having anticipated such interest rate movements, the Bank reduced due from banks, which carried a relatively low rate of return, and instead expanded loans and securities. In lending in

particular, the Bank redirected large corporate loans to households and SME borrowers, thereby dispersing credit risk and improving rate of return. Average rate of return on foreign currency interest-earning assets rose 0.5% points over the year, as the Bank's more stringent lending practices led to a sizable reduction in non-performing credit in foreign currencies.

These changes in asset management also brought about changes in assets mix as follows:

(table 5) Average Interest-Earning Assets Mix

unit : %

	2000	1999	1998
Won currency	90.12	86.35	80.34
Loans	55.42	50.42	50.66
Due from banks	4.12	9.32	2.72
Securities	30.58	26.61	26.96
Foreign currency	9.88	13.65	19.66
Loans	7.31	10.31	11.93
Due from banks	1.28	1.68	5.85
Securities	1.29	1.66	1.88

note1) exclude Reserve deposite in Bank of Korea

Average interest-earning assets in local currency rose 3.77% points in proportion to the total, against those in foreign currencies. Of local currency assets, the percentages of loans and securities rose 5.0% point and 3.97% point, respectively, while that of due from banks decreased 5.2% point. These changes reflect the Bank's asset

management strategies. After 1997 when credit risk was escalating, the Bank increased relatively lower-risk investment instruments such as due from banks and government bonds. As credit risk began to subside in 2000, however, the Bank switched its asset management strategy back to profitability and thus expanded securities and loans.

Average Interest-Bearing Liabilities and Funding Rate

(table 6) Average Interest-Bearing Liabilities and Funding Rate

In billions of Korean Won

	2000		1999		1998	
	Average bs	Rate(%)	Average bs	Rate(%)	Average bs	Rate(%)
Won currency	29,492.3	6.89	20,156.2	7.64	9,606.5	12.56
Deposits	23,495.7	6.74	16,301.7	7.51	6,930.4	11.74
Borrowings(note 1)	4,693.5	6.70	2,979.9	6.97	2,211.2	13.93
Debentures	1,052.0	10.65	640.3	10.80	219.1	15.52
Due from trust account	251.1	8.00	234.3	10.13	245.8	15.61
Foreign currency	3,062.5	7.48	3,249.9	6.58	2,365.0	7.74
Deposits	670.8	5.84	843.9	5.47	872.4	7.02
Borrowings(note 1)	2,042.5	7.46	2,097.5	6.87	1,092.2	8.30
Debentures	349.2	8.65	308.5	5.87	400.4	5.92
Total Interest-Bearing Liabilities	32,554.8	6.95	23,406.1	7.49	11,971.5	11.61

note1) Include Borrowings, Bonds sold of repurchase agreements, Bills sold, Due to BoK in foreign currencies

Interest-bearing liabilities rose 39.1% over the year 2000 to W32,554.8 billion. Local currency interest bearing liabilities rose 46.3%, while foreign currency interest bearing liabilities decreased 5.8%. Interest rates on interest bearing liabilities raised continued to drop since the IMF crisis of late 1997. The average interest rate

dropped from the 11.61% of 1998 to 7.49% in 1999 and to 6.95% in 2000. Average interest rate on local currency interest bearing liabilities dropped further from 12.56% to 6.89% over the same period, thanks to the Bank's efforts to raise low-cost funds. Debentures, however, carried a relatively high interest rate of 10%, as they consist of a subordinated debts.

(table 7) Average Interest-Bearing Liabilities Mix

(unit : %)

	2000	1999	1998
Won currency	90.59	86.12	80.24
Deposits	72.17	69.65	57.89
Borrowings(note 1)	14.42	12.73	18.47
Bond issued	3.23	2.74	1.83
Due from trust account	0.77	1.00	2.05
Foreign currency	9.41	13.88	19.76
Deposits	2.06	3.61	7.29
Borrowings(note 1)	6.28	8.97	9.13
Bond issued	1.07	1.32	3.34

note1) Include Borrowings, Bonds sold of repurchase agreements, Bills sold, Due to BoK in foreign currencies

Foreign currency interest-bearing liabilities dropped in proportion to total interest-bearing liabilities, reflecting the Bank's conservative Lending practices. Local currency interest-bearing liabilities, on the other hand, swelled as a result of quality flight. Noteworthy is that the Bank made significant progress in raising low-cost deposits which rose from W2.5trillion of 1st quarter 2000 to W5.7trillion of 4th quarter 2001 in average balance base.(see table 8). This is a result of the Bank's concerted efforts to strengthen its relatively weak position in the low-cost savings market. As a result of the W3.2 billion increase, average interest rate on deposits dropped 0.77% points over the year from 7.51% to 6.74%.

Management Discussion and Analysis

years ended December 31

(table 8) The trend of deposit structure

In billions of Korean Won

Classification					In billions of Korean Won			
	1Q. '99	2Q. '99	3Q. '99	4Q. '99	1Q. '00	2Q. '00	3Q. '00	4Q. '00
Low cost deposits	2,497.7	2,702.4	3,525.5	4,523.9	4,970.9	5,222.4	5,599.7	5,741.5
Core low cost deposits	1,828.8	1,323.0	1,829.4	2,280.1	2,661.0	2,902.0	2,953.0	2,924.6
Demand deposits	647.9	633.6	662.7	772.7	781.8	814.1	793.0	823.7
Low cost saving deposits	1,180.9	689.4	1,166.7	1,507.4	1,879.2	2,087.9	2,160.0	2,100.9
MMDA	668.9	1,379.4	1,696.1	2,243.7	2,309.9	2,320.4	2,646.8	2,816.9
Time deposits	8,506.5	9,294.1	9,720.0	11,935.0	13,587.6	13,953.2	14,786.3	15,658.2
Installment deposits	1,318.9	1,360.5	1,498.3	1,612.9	1,629.0	1,978.9	2,111.2	2,224.6
CDs, RPs, Bills Solds	3,070.1	2,705.7	3,125.8	3,462.9	3,840.7	4,394.9	4,341.2	4,852.2
Deposits in won currency	15,393.2	16,062.7	17,869.6	21,534.7	24,028.2	25,549.4	26,838.4	28,476.4
Low cost deposit ratio	16.23%	16.82%	19.73%	21.01%	20.69%	20.44%	20.86%	20.16%
Core low cost deposit ratio	11.88%	8.24%	10.24%	10.59%	11.07%	11.36%	11.00%	10.27%

* Deposits in Audit Report do not include RPs and Bills solds but deposit defined by Hana Bank internally include RPs and Bills solds

Net Interest Margin and Net Interest Spread

(table 9) The trend of NIM and NIS

In billions of Korean Won

	2000			1999			1998		
	Average bs	Interest	Rate(%)	Average bs	Interest	Rate(%)	Average bs	Interest	Rate(%)
Interest-Earning Assets	33,343.2	2,954.8	8.86	24,241.1	2,276.6	9.39	12,244.8	1,801.7	14.71
Won currency	30,048.7	2,677.0	8.91	20,932.8	2,014.2	9.62	9,837.6	1,578.0	16.04
Foreign currency	3,294.5	277.8	8.43	3,308.3	262.4	7.93	2,407.2	223.7	9.30
Interest bearing liabilities	32,554.8	2,261.2	6.95	23,406.1	1,753.7	7.49	11,971.5	1,389.5	11.61
Won currency	29,492.3	2,032.1	6.89	20,156.2	1,539.7	7.64	9,606.5	1,206.5	12.56
Foreign currency	3,062.5	229.1	7.48	3,249.9	214.0	6.58	2,365.0	183.0	7.74
Net interest Margin			2.08			2.16			3.37
Won currency			2.15			2.27			3.78
Foreign currency			1.48			1.47			1.69
Net interest Spread			1.91			1.90			3.11
Won currency			2.02			1.98			3.48
Foreign currency			0.95			1.35			1.56

* Based on Audit Report line item and average balance.(FSC standard-see page 25)

The high interest rates materialized in the wake of the IMF bailout began to stabilize after 1998 when the economy started to get back on a growth track, bringing down both funding costs and rate of return on interest-earning assets. In keeping with decreasing interest rates, the Bank made efforts to readjust funding costs to secure the optimum net interest margin. But such efforts were foiled by the credit crisis of Daewoo Group which led to a substantial increase the Bank's non-performing assets portfolio, consequently shrinking its net interest margin. In response, the

Bank doubled its efforts to expand the household and SME loan portfolios and to developed low-cost funding sources, and as a result, the Bank's net interest margin began its steep rise after the fourth quarter of 1999. FSC-based net interest spread, in particular, nearly doubled from the 0.94% of 1999 to 1.82% at the end of 2000.(see table 3) By continuing liquidating NPLs, cultivating the mass customer base, and lending to individual and SME borrowers, the Bank plans to raise its net interest margin to 2.49% in 2001.

Net of Non-Interest Income

(table 10) Trend of Non-Interest Income

	In billions of Korean Won		
	2000	1999	1998
Fees and Commissions			
in Banking account operation	111.7	70.4	51.0
Guarantee fees	9.0	14.3	14.2
Fees from credit card	47.4	28.2	22.6
Others	55.3	27.9	14.2
Income from trust operation	32.8	138.7	-9.5
Fees from trust operations	163.0	171.6	47.1
Losses from trust operations	-133.7	-42.9	-87.3
Fees on termination of trust account	3.5	10.0	30.7
Income from disposition and valuation of trading securities	-27.5	46.7	1.1
Income from disposition and valuation of trading bonds	11.7	-7.6	-16.6
Income from disposition and valuation of trading stocks	-39.2	54.3	17.7
Income from foreign currency trading	14.9	26.5	34.9
Others	-24.9	-29.5	-18.1
Total net of Non-interest income	107.0	252.8	59.4

1. Fees and Commissions : The Bank has been discontinuing low-yield payment guarantees and acceptances based on its judgement that they don't justify the risk they entail. As a result, guarantee fees have continued to fall for the last two years, dropping by W5.3 billion to W9.0 billion in 2000.

Income from the credit card business, however, jumped 68.09% to W47.4 billion in 2000, as a result of the Bank's stepped-up marketing efforts in contrast to its conservative approach the year before. The credit risk of households, which had soared after the IMF bailout, substantially eased by the end of 1999. In 2001, the Bank plans to upgrade its credit card operations to a fully independent business unit and to continue its aggressive approach to take advantage of the growing use of the plastic money.

(table 11) The result of credit card operation

	In billions of Korean Won		
	2000	1999	1998
Credit card number (customers)	689,722	304,873	144,045
Affiliation (affiliations)	54,428	44,086	17,252
Credit card account	440.4	118.4	78.0
Billing amount	1,259.5	620.5	343.0

2. Trust income : Income from trust operations reflected the Bank's shrunk trust volume, registering a W8.6 billion decrease. Losses from trust operations, however, soared to W133.7 billion due to the liquidation of development trust whose interest and principal are guaranteed. As a result, net income from trust operations dropped from W105.9 billion to W32.8 billion in 2000. As the outstanding

balance of development trusts fell from W3,136.1 billion in 1999 to W360.2 billion in 2000, it is expected that losses from trust operations for 2001 will be substantially less than the year 2000.

3. Securities-related income : As of the end of 2000, Losses from disposition and valuation of trading securities amounted to W27.5 billion, W74.2 billion less than the year before. Although falling interest rates led to a W11.7 billion gain from bond transaction and evaluation, the sluggish stock market and debt-equity swap for companies in work-out combined to generate a W39.2 billion loss.

4. Foreign exchange income : Though the Bank's import/export, FX, and wire remittance business was on a steady rise in 2000, stabilizing exchange rates were mainly responsible for reducing the Bank's foreign exchange income by W11.6 billion to W14.9 billion.

(table 12) The trend of foreign exchange transaction

	unit : million dollar		
	2000	1999	1998
Export	12,895	8,073	3,269
Import	11,315	6,622	2,378
Exchange / Sending	5,250	5,151	2,998

General and Administrative expenses

(table 13) G & A expenses breakdown

	In billions of Korean Won		
	2000	1999	1998
General and Administrative expenses	340.6	299.0	167.8
Salaries and Wages	134.9	126.1	53.7
Retirement benefits	12.1	9.7	12.8
Fringe benefits	23.9	17.7	24.2
Depreciation	38.8	32.1	14.7
Others	130.9	113.4	62.4

General and administrative expenses rose 13.9% over the year to W340.6 billion, reflecting the increased assets and rising prices.

(table 14) G&A expenses to Operating income ratio

	In billions of Korean Won		
	2000	1999	1998
G&A expense to Operating income ratio	42.5%	38.5%	35.6%
General and Administrative expenses	340.6	299.0	167.8
Operating income before provisions and G&A expenses	800.7	775.7	471.6
G&A expense to Operating income ratio	41.1%	41.0%	35.7%
General and Administrative expenses	340.6	299.0	167.8
Operating income exclude irregular income*	828.2	729.0	470.5

* Irregular income : Income from disposition and valuation of trading securities, G&A expenses and Provisions for credit

Net of Provisions for credit losses

(table 15) Trends of credit losses

In billions of Korean Won

	2000	1999	1998
Bad debt expenses	534.2	406.4	127.8
Transfer from allowance for acceptances and Guarantees	-12.6	-10.7	0.0
Net provisions for credit losses	521.6	395.7	127.8

During the year 2000, the Bank wrote off non-performing credit belonging to Daewoo Group and corporations in work-out programs, and provisioned against possible credit losses in accordance with the conservative forward-looking criteria. As a result, provisions for credit losses increased W125.9 billion over the year to W521.6 billion.

(table 16) Problem credit & Coverage ratio

In billions of Korean Won

	Precautionary	Substandard	Doubtful	Est. Loss	Total
Classification of credits	860.0	945.2	392.1	46.8	1384.1
Provisions for each credits	60.8	326.3	318.5	46.8	691.6
Collateral to each credits	637.7	253.8	218.1	82.8	554.7
Provisions/Credits(%)	7.07	34.52	81.23	100.00	49.97
(Provisions + Collateral)/Credits(%)	81.22	61.37	136.85	276.92	90.04

During the year 2000, the Bank built up enough provisions against possible credit losses. As of the year-end, the percentage of precautionary credit against which the Bank provisioned was 7.1%, that of substandard credit was 34.5%, doubtful credit 81.2% and estimated loss credit 100%. In addition, considering the amount of collateral in each category, doubtful and below credit is covered more than enough, with the possibility of some of the provisions to return to the income side of the ledger. As 61.4% of

substandard credit and 81.2% of precautionary credit are covered by collateral and provisions combined, the possibility of having to set additional provisions is very low.(see table 16)

In addition, the Bank plans a W495.8 billion write-off and a W500.0 billion sale of bad assets include bad assets in trust accounts in 2001. Once these have been carried out, the Bank's balance sheet will have been free of any non-performing assets, its profitability substantially enhanced and its BIS capital ratio greatly improved.

Improvement of Operation Base

1. Decrease of losses from trust operation

(table 17) Breakdown of losses from trust operation

In billions of Korean Won

	2000	1999	1998
Ending balance of interest and principal guaranteed trust	360.6	3,136.7	2,465.7
The source of losses from trust operation	133.7	42.9	87.3
Provisions for credit losses	45.5	78.4	85.9
Losses from disposition and valuation of securities	73.5	-58.7	37.3
Losses from interest gap	30.2	18.7	3.1
Others	-15.5	4.5	-39.0
Ending balance of trust credits in interest & principal guaranteed trust	276.9	2,979.1	1,683.5
Substandard and below credits	220.1	721.5	157.5
Provisions for credit losses	120.9	236.3	70.0
Provisions/Substandard and below credits(%)	54.9	32.7	44.4
Outstanding Balance of stock & Losses from stock operation	Beginning BS	Ending BS	Profits
Total	108.5	2.3	-82.6
Pure Trading	43.1	0	-26.8
Debt-Equity swap	65.4	2.3	-55.8

* Credit classification in 1998 did not apply FLC standard.

The Bank offers four types of trust products: interest and principal guaranteed trust, principal-guaranteed trust, non-guaranteed performance based trust, and customer directions based trust. Specific money trust.

Of these types, interest and principal guaranteed trust was the only one that generated any loss from trust operations. The Bank managed two trust products whose interest and principal are guaranteed: the general unspecified money trusts and the development trust. The development trust, with an outstanding balance of W360.3 billion at the year-end, generated loss of 133.7 billion which is total losses from trust operations in 2000. The total figure comprised W45.5 billion in provisioning for possible credit losses in the development trust account, W73.5 billion in losses from disposition and valuation of securities, and W30.2 billion in interest gap between funding and lending rate. This year, however, the Bank expects losses from trust operations to be substantially less than last year. The reasons are as follows; first the losses from interest gap between funding and lending rate will be substantially less than last year as the balance of the development trust is only W360.3 billion, which represents a substantial decrease from the W3,136.1 billion of 1999; second all the stocks in the portfolio were sold during the year 2000, which eliminated the possibility of any loss from securities transaction and evaluation; third, the need to set an additional provisions against the possible credit loss in the development trust will be substantially less than the last year thanks to sufficient

provisions made in 2000. As such, the possibility of the Bank's making profits from its trust operations is very positive this year.

2. Stock balance and losses from disposition and valuation of trading securities

(table 18) The operating result of trading stock

Classification	In billions of Korean Won		
	Beginning bs	Ending bs	Profits
Banking account	387.2	360.9	-104.0
Pure Trading	37.4	45.4	-28.3
Pure Investment	90.2	102.7	0.4
Debt-Equity swap	98.0	43.8	-45.4
Subsidiary	139.5	150.3	-15.7
Others	22.1	18.7	-15.0

As of the end of 2000, stock-related losses amounted to W104.0 billion. This figure mainly comprises W45.4 billion related to the disposition and valuation of equities swapped for loans to corporations in workout program and W41.3 billion related to equity evaluation following the insolvency of Korea Merchant Bank. Again, in 2001, the Bank expects its stock-related losses to decrease substantially for two main reasons: first, the Bank has reduced the book value of all its debt-equity swapped stocks and, second, it has also reduced the book value of its unsound subsidiary KMBC to zero and cut off its relationship with KMBC.

3. Asset classification and provisions for credit loss

(table 19) The status of Asset classification and provisioning

Classification	In billions of Korean Won		
	2000	1999	1998(note 1)
Normal	24,437.5	16,414.7	7,673.4
Precautionary	860.0	1,115.0	1,390.7
Substandard	945.2	935.3	132.5
Doubtful	392.1	377.2	49.0
Estimated losses	46.8	98.1	4.6
Total Credit	26,681.6	18,940.3	9,250.2
Provisions for credit losses	861.2	705.0	239.4
Precautionary and below credits	2,244.1	2,525.6	1,576.8
Precautionary and below credit ratio(%)	8.41	13.33	17.05
Provisions for credit losses/precautionary and below credits(%)	38.38	27.91	15.18
Substandard and below credits	1,384.1	1,410.6	186.1
Substandard and below credit ratio(%)	5.19	7.45	2.01
Provisions for credit losses/Substandard and below credit(%)	62.22	49.98	128.64
Loss risk weighted bed credits(note 2)	431.9	473.8	55.6
Loss risk weighted bed credit ratio(%)	1.62	2.50	0.60
Provisions for credit losses/Total credit(%)	3.23	3.72	2.59

note 1) The asset classification in 1998 did not apply FLS standard

note 2) Substandard credits weighted 20%, Doubtful credits weighted 50% and Estimated loss credits weighted 100%

(table 20) The trend of increase and decrease of Substandard and below credits

	In billions of Korean Won																	
	10.1997	20.1997	30.1997	40.1997	10.1998	20.1998	30.1998	40.1998	10.1999	20.1999	30.1999	40.1999	10.2000	20.2000	30.2000	40.2000		
As of beginning of quarter(a)	1,723	1,921	2,216	5,068	5,388	6,822	7,662	5,830	6,210	6,537	6,955	6,218	22,851	21,864	22,722	20,092		
Increase(b)	349	554	2,966	2,822	3,024	1,819	2,664	1,961	1,478	1,622	1,209	21,764	1,318	5,104	1,499	1,462		
FLC												18,134	617	4,473	256	213		
Overdue 3 month	118	66	103	151	191	306	1,551	883	855	367	964	535	89	55	71	68		
Court receivership, insolvency etc.	225	477	394	1,878	1,538	936	705	810	103	434	192	327	78	67	188	642		
Deterioration of corporate credits	1	4	3	113	295	61	287	198	174			148	106	64	67	65		
Rescheduling credits																		
Others	5	7	2,486	680	1,000	516	121	60	346			2,052	428	427	917	474		
Decrease(c)	151	259	134	2,502	1,590	979	4,496	1,581	1,151	1,204	1,946	5,131	2,305	4,246	4,129	4,361		
Collection	139	189	119	880	363	381	210	639	790	580	633	1,745	1,178	1,479	1,431	1,645		
Write off(d)	0	53	0	112	42	340	217	432	142	262	660	920	60	1,118	2,314	1,785		
Improvement of corporate credits	12	17	15	1,056	280	258	122	259	37	337	158	1,381	911	380	174	45		
Sale(e)							3,947			-11	-201	139	-289	-170	-171	679		
Debt-equity swap									182		0	408	366	71	199	180		
Discounting present value											0	513	0	1,208	182	27		
Others	0	0	0	454	905			251	0	36	696	25	79	160	0	0		
As of end of the quarter	1,921	2,216	5,068	5,388	6,822	7,662	5,830	6,210	6,537	6,955	6,218	22,851	21,864	22,722	20,092	17,193		
Decrease ratio of substandard and below credits	8.8%	13.5%	6.0%	49.4%	29.5%	14.4%	58.7%	27.1%	18.5%	18.4%	28.0%	82.5%	10.1%	19.4%	18.2%	21.7%		
Decrease ratio of substandard and below credits exclude write off and loans sale	8.1%	9.8%	5.4%	26.3%	23.5%	5.6%	54.3%	15.3%	15.7%	9.3%	16.2%	45.5%	5.8%	12.6%	7.2	12.6%		
Increase ratio of substandard and below credits	20.3%	28.8%	134.7%	55.7%	56.1%	26.7%	34.8%	33.6%	23.8%	24.8%	17.4%	350.0%	5.8%	23.3%	6.6%			
Note	Hanbo crisis			IMF crisis			Kia crisis			Daewoo crisis			Apply FLC			Additional withdraw		

The chart above shows the quarterly movements of the Bank's substandard-and-below credit. The Bank's loan default ratio began to rise from the Hanbo crisis in the first quarter of 1997 and turned downward after the third quarter of that year. Of course, the ratio turned upward in the fourth quarter of 1999 due to the adoption of the FLC, but the rise did not last long. During the course of 2000, the ratio remained stabilized, below 10%. Although ratio of decrease of substandard and below credits were erratic, ratio of decrease of substandard and below credits excluding write-offs and loans sale began to exceed ratio of increase of substandard and below credits in the first quarter of 2000 and on, which means that substandard and below credits were on, a gradual decrease since then.

If this decreasing trend continues, the Bank expects that gains from the recovery of substandard and below credits will exceed losses related to loans going bad. However, to reduce its substandard and below credits ratio to below 2% and thus raise its asset quality to the level of banks in the advanced nations, the Bank plans to build credit loss provisions to around W320.0 billion to write off and sell bad assets in this year.

Loan Portfolio

(table 21) Loan portfolio of Banking Account

	In billions of Korean Won					
	2000	(%)	1999	(%)	1998	(%)
Loans in won(note 1)	18,839.3	73.5	12,277.3	68.3	5,164.1	67.2
Large Enterprise	5,486.8	21.4	3,537.4	19.7	1,887.7	24.5
SME	6,623.2	25.9	5,300.8	29.5	2,376.0	31.0
Household	5,338.3	20.8	3,279.3	18.2	710.4	9.2
Public and interbank	1,391.0	5.4	159.8	0.9	190.0	2.5
Loans in foreign currencies	1,007.4	3.9	958.5	5.3	617.8	8.0
Bills purchased in foreign currencies	1,246.4	4.9	1,181.9	6.6	591.9	7.7
Advances for customers	171.6	0.7	192.6	1.1	33.8	0.4
Bonds purchased under repurchase agreement	820.0	3.2	920.0	5.1	0.0	0.0
Credit card accounts	440.4	1.7	118.4	0.7	78.0	1.0
Call loans	767.4	3.0	412.3	2.3	241.5	3.1
Privately-placed debentures	2,194.8	8.6	1,774.6	9.9	973.1	12.6
Others(note 2)	121.3	0.5	134.7	0.7	0.0	0.0
Total loans	25,608.6	100.0	17,970.3	100.0	7,700.2	100.0
(Loan loss provision)	(821.2)		(655.1)		(239.4)	
(Discounting present value)	(48.6)		(24.6)		(0.0)	

note 1) Include Bills purchased in won currency

note 2) Include Factoring receivables and Loans to be swapped to equity

As of the end of 2000, the Bank's total loans stood at W25.6 trillion, a 42.5% increase from the year before. The total figure comprised mostly Loans in won and Credit card account.

Loans in won rose by W6,562.0 billion over the year. Of the amount, W2,059.0 billion, the largest share, came from household loans, followed by W1,949.4 billion from large corporate loans, W1,322.4 billion from SME loans, and W1,231.2 billion from loans to public enterprises. Although large corporate loans increased in amount, the actual increase was due to a simple reshuffling. As some trust accounts, such as the development trust, were either discontinued or reduced, healthy large corporate loans managed under the trust account were transferred to the bank account.

Increasing household loans was one of the Bank's top priority projects in 2000. As a result, household loans jumped 62.8% over the year to W5,338.3 billion, and credit card account soared 272% to W440.4 billion. Increasing household loans not only has a benefit of higher rate of return than corporate loans but also contributes to dispersing credit risk. Since the IMF bailout of 1997, the Bank had held a conservative approach toward household loans until the first half of 1998 due to high credit risk. But as the improving economy eased credit risk and the default ratio of household loans proved to be less than that of corporate loans during the "IMF years", the Bank has adopted an aggressive stance toward increasing household loans since the second half of 1998.

Deposit structure

(table 22) Deposit structure of Banking Account

	In billions of Korean Won					
	2000	(%)	1999	(%)	1998	(%)
Deposit in won currency	31,344.3	96.4	24,170.2	97.7	11,072.8	93.3
Low cost deposits	6,945.0	21.4	5,901.7	23.9	1,946.1	16.4
Core low cost deposits	3,842.3	11.8	2,902.6	11.7	1,267.9	10.7
MMDA	3,102.7	9.5	2,999.1	12.1	678.2	5.7
Time deposits	16,847.6	51.8	13,182.1	53.3	5,262.8	44.3
Installment deposits	1,870.7	5.8	1,560.2	6.3	862.9	7.3
CDs	1,914.5	5.9	1,843.4	7.5	1,971.3	16.6
RPs*	1,356.9	4.2	1,001.4	4.0	817.1	6.9
Bills solds*	2,409.5	7.4	681.5	2.8	212.6	1.8
Deposit in foreign currency	1,178.2	3.6	571.0	2.3	795.3	6.7
Deposits	1,175.4	3.6	532.4	2.2	795.3	6.7
RPs*	2.8	0.0	38.7	0.2	0.0	0.0
Total deposits	32,522.5	100.0	24,741.2	100.0	11,868.1	100.0

* RPs and Bills sold are classified as Borrowings in audit report but Hanabank internally defined as deposits

As of the end of 2000, the Bank's total deposits amounted to W32,522.5 billion, up 31.5% from the year before. Local currency deposits rose W7.2 trillion to W31,344.3 billion, while foreign currency increased W607.2 billion to W1,178.2 billion.

To review the increase of local currency deposits by type, low-cost deposits rose W1,043.3 billion. Of this figure, W939.7 billion came from demand deposits and low-cost savings deposits and a mere W103.6 billion from the MMDA. The growth of the MMDA, which is sensitive to interest rate movements, failed to reflect the Bank's efforts to increase low-cost deposits. This can be ascribed to the fact that the Bank set the volume in which the MMDA can maintain its core deposits at around W3 trillion. The Bank plans to readjust the size of the MMDA by thoroughly analyzing the product's transaction sustenance ratio and maintenance cost.

Meanwhile, the ratio of time deposits to total deposits inched down over the year. During the year, the Bank reduced some high-interest time deposits to further enhance profitability.

Bills sold increased in volume, because the Bank sold "Bills sold", as a way to avoid the Totalized income tax of individual financial income, which was to go into effect this year.

BIS capital adequacy ratio

(table 23) The status of Capital Adequacy ratio

	In billions of Korean Won		
	2000	1999	1998
Tier 1 capital	1,715.4	1,868.4	864.8
Paid in capital	957.2	1,023.6	349.6
Common share	621.8	550.8	349.6
Preferred share	335.4	472.8	0.0
Capital surplus	424.5	339.7	169.1
Retained earnings	360.8	408.9	346.4
Adjustment and etc.	-27.1	96.2	-0.2
Tier 2 capital	1,041.3	735.5	569.2
Evaluation income			
form investment securities	11.5	0.0	0.0
Allowance for credit losses	172.1	99.9	136.8
Subordinate debt	857.7	635.6	432.4
Investment to nonconsolidated subsidiaries	0.0	41.3	0.0
Total Capital	2,756.7	2,562.6	1,434.1
Total Risk-weighted assets	26,382.3	20,778.8	10,944.6
Capital adequacy ratio(%)	10.45	12.33	13.10
Tier 1 ratio(%)	6.50	8.99	7.90
Tier 2 ratio(%)	3.95	3.54	5.20

As of the year-end 2000, the Bank's BIS capital adequacy ratio stood at 10.45%, which represents a 1.88% point decrease from the year before. The reasons for the decrease are as follows: first, the Bank repurchased W137.4 billion of the preferred shares it had received from the Korea Deposits Insurance corporation in relation to the P&A of Chungchong Bank and the merger of Boram Bank; second, the liberal allocation of provisions against possible loan losses in turn cut into net income; and third, the rapid inflow of funds in search of safe havens ballooned the Bank's risk-weighted assets.

Having returned W137.4 billion of the preferred shares, the Bank has the following redemption plan.

(table 24) Time schedule of repurchase of preferred share

	unit : million won				
	2000	2001	2002	2003	2004
Chungchong P&A	28,660	28,660	42,990	21,495	21,495
Boram P&A	108,735	108,735	112,030		
Total	137,395	137,395	155,020	21,495	21,495

Other information

(table 25) Targets and Limits for VaR

	In billions of Korean Won					
	Bonds Won	Bonds Foreign	Stocks	FX Open Position	Derivatives	Total
VaR for 10 days	44.1	3.0	50.1	6.6	14.4	118.2
Ratio to Equity Capital	1.60%	0.11%	1.82%	0.24%	0.41%	4.18%

(table 26) Liquidity ratio

	In billions of Korean Won		
	Assets	Liabilities	%
Won currency(billion won)	19,176.6	15,765.6	121.64
Foreign currency(hundred dollar)	2,039.9	1,338.3	152.43

(table 27) Maturity Gap

In billions of Korean Won			
	Assets	Liabilities	Gap
Won currency	37,946.9	38,094.2	-147.3
Due in 3 months or less	11,024.6	15,765.6	-4,741.0
Due between 3 months and 6 months	5,296.0	5,312.6	-16.6
Due between 6 months and 1 year	8,523.7	7,039.7	1,484.0
Due between 1 year and 3 years	7,814.8	2,715.9	5,098.9
Due after 3 years	5,287.8	7,260.4	-1,972.6
Foreign currency	3,827.3	3,679.8	147.5
Due in 3 months or less	2,650.9	1,798.2	852.7
Due between 3 months and 6 months	364.3	247.9	116.4
Due between 6 months and 1 year	280.4	440.0	-159.6
Due between 1 year and 3 years	317.8	962.1	-644.2
Due after 3 years	213.9	231.6	-17.7

(table 28) Interest Gap

In billions of Korean Won			
	Assets	Liabilities	Gap
Won currency	34,921.7	33,331.2	1,590.5
Due in 3 months or less	14,299.0	13,854.4	444.6
Due between 3 months and 6 months	3,858.7	5,265.7	-1,407.0
Due between 6 months and 1 year	6,863.0	6,993.5	-130.5
Due between 1 year and 3 years	6,587.9	2,467.4	4,120.5
Due after 3 years	3,313.1	4,750.2	-1,437.1
Foreign currency	3,778.3	3,188.7	589.6
Due in 3 months or less	2,182.0	1,954.0	228.0
Due between 3 months and 6 months	657.7	1,186.5	-528.8
Due between 6 months and 1 year	196.9	46.9	150.0
Due between 1 year and 3 years	396.3	1.3	395.0
Due after 3 years	345.4	0.0	345.4

(table 29) Funding and Lending Structure

In billions of Korean Won				
	Assets	(%)	Liabilities	(%)
Won currency	34,921.7	100.00	33,331.2	100.00
Below 3%	861.4	2.47	6,125.1	18.38
between 3% and 5%	109.4	0.31	395.8	1.19
between 5% and 7%	6,804.1	19.48	11,212.7	33.64
between 7% and 9%	14,137.3	40.48	13,854.4	41.57
between 9% and 11%	10,086.5	28.88	1,041.3	3.12
between 11% and 13%	1,889.2	5.41	549.8	1.65
Over 13%	1,033.8	2.97	152.1	0.46
Foreign currency	3,778.3	100.00	3,188.7	100.00
Below 3%	591.1	15.64	61.4	1.93
between 3% and 5%	60.0	1.59	25.8	0.81
between 5% and 7%	515.5	13.64	947.1	29.70
between 7% and 9%	1,736.3	45.95	2,047.3	64.20
between 9% and 11%	826.9	21.89	107.1	3.36
between 11% and 13%	43.8	1.16	0.0	0.00
Over 13%	4.7	0.12	0.0	0.00

(table 30) The Definition of Loans used in Korean Banking System

Audit Report line item	Loans defined by Hanabank internally	Credits to be provisioned	Provisioning effect to bank's profit	Credits for NPL classification
Banking Account				
Loans in Won	0			
Corporate Loans		0	0	0
Household Loans		0	0	0
Government and Public corporate Loans		0	0	0
Inter-bank Loans		X	X	X
Loans in foreign currencies	0	0	0	0
Bills purchased in won		0	0	0
Bills discounted	0			
Local L/C discounted	X			
Bills bought in foreign currencies	X	0	0	0
Advances for customers	0	0	0	0
Factoring receivables	0	0	0	0
Privately-placed debentures	0	0	0	0
Credit card accounts		0	0	0
Credit card accounts	X			
Credit card loans	0			
Bonds purchased under repurchase agreement	X	X	X	X
Call loans	X	X	X	X
Gross Loans				
Guarantees and Acceptance(note 1)	X	0	0	0
Suspense receivable as credit	X	0	0	0
Transfer from bad foreign bills bought	X	0	0	0
Trust Account				
Interest and Principal Guaranteed Trust	0	0	0	0
Loans				
Privately Placed debentures				
CPs				
Principal Guaranteed Trust	0	0	X	0
Loans				
Privately Placed debentures				
CPs				
Non-Guaranteed Trust	0	0	X	0
Loans				
Privately Placed debentures				
CPs				
Specific Trust	0	X	X	0
Loans				
Privately Placed debentures				
CPs				

note 1) Normal and Precautionary in Guarantees and Acceptances and normal in Principle Guaranteed trust and Non-Guaranteed trust don't make provision following the FSS guideline

(table 31) Operating result of trust business

In billions of Korean Won

	Principal Guaranteed		Non Guaranteed		Specific money trust	Asset trust	Total	
	Interest Guaranteed	Non mark to market	Mark to market	Non mark to market				Mark to market
Income form interest margin	-30.2	4.1	1.5	75.5	23.9	33.2	2.2	110.0
Income related securities transaction and evaluation	-73.5	2.2	0.0	16.8	0.0	0.0	0.0	-54.5
Bond transaction	9.2	2.2	0.0	168	0.0	0.0	0.0	28.1
Stock transaction	-81.0	0.0	0.0	0.0	0.0	0.0	0.0	-81.0
Stock evaluation	-1.6	0.0	0.0	0.0	0.0	0.0	0.0	-1.6
Income form loan sale	-2.6	0.0	0.0	-0.7	0.0	0.0	0.0	-3.3
Other income	18.0	-2.9	0.0	0.1	0.0	0.0	0.0	15.2
Income from discounting present value	18.0	0.0	0.0	0.4	0.0	0.0	0.0	18.4
Reserve for trust losses	0.0	-2.9	0.0	-0.3	0.0	0.0	0.0	-3.2
Reserve for credit losses	-45.5	5.4	0.0	-2.5	4.4	0.0	0.0	-38.1
Net of trust management income	-133.7	8.8	1.5	89.2	28.3	33.2	2.2	29.3
Fees on early termination of trust account	0.0	0.1	0.0	2.3	0.0	1.2	0.0	3.5
Total income form trust business	-133.7	8.9	1.5	91.4	28.3	34.3	2.2	32.8
Absorption from the bank	133.7	0.0	0.0	0.0	0.0	0.0	0.0	133.7

(table 32) Asset classification and provision(FY2000)

In billions of Korean Won

	Trust assets			Trust assets			Credits to be provisioned (g=a+f)	Credits in Specific trust(h)	Total credit(l=g+h)
	Bank credits(a)	Int&Prin Guaranteed (b)	Prin. Guaranteed (c)	Trust credits to be consolidated (d=b+c)	Non -Guaranteed (e)	Trust credits to be provisioned (f=d+e)			
Normal	24,437.5	23.6	390.6	414.2	1,881.0	2,295.1	26,732.7	1,107.3	27,839.9
Precautionary	860.0	33.2	5.8	39.1	96.4	135.5	995.5	50.0	1,045.5
Substandard	945.2	181.7	0.1	181.8	52.8	234.6	1,179.8	1.1	1,181.0
Doubtful	392.1	20.9	0.1	20.9	14.8	35.8	427.9	36.2	464.0
Est. loss	46.8	17.5	0.0	17.5	3.6	21.1	67.9	0.8	68.8
Total credits	26,681.6	276.9	396.7	673.6	2,048.6	2,722.1	29,403.8	1,195.4	30,599.1
Problem credits									
Precautionary and below credits	2,244.1	253.3	6.1	259.4	167.6	427.0	2,671.1	88.1	2,759.2
Substandard and below credits	1,384.1	220.1	0.2	220.3	71.2	291.5	1,675.6	38.1	1,713.7
Bad credits(doubtful and below)	438.9	38.4	0.1	38.5	18.4	56.9	495.8	37.0	532.8
Asset soundness ratio									
Precautionary ratio	3.22%	12.01%	1.47%	5.80%	4.71%	4.98%	3.39%	4.18%	3.42%
Precautionary and below ratio	8.41%	91.49%	1.53%	38.51%	8.18%	15.69%	9.08%	7.37%	9.02%
Substandard and below ratio	5.19%	79.48%	0.06%	32.71%	3.48%	10.71%	5.70%	3.19%	5.60%
Bad assets ratio	1.64%	13.86%	0.03%	5.71%	0.90%	2.09%	1.69%	3.09%	1.74%
Provisioning									
Provisions for credit losses	861.2	120.9	0.2	121.0	44.2	165.2	1,026.4	0.0	1,026.4
Present value discounts	48.6	26.8	0.5	27.3	0.0	27.3	75.9	0.0	75.9
Coverage ratio									
Provisions/total credits	3.23%	43.65%	0.05%	17.97%	2.16%	6.07%	3.49%	0.00%	3.35%
Provision/precautionary and below credits	38.38%	47.70%	3.25%	46.67%	26.36%	38.69%	38.43%	0.00%	37.20%
Provision/substandard and below credits	62.22%	54.91%	89.55%	54.94%	62.04%	56.68%	61.25%	0.00%	59.89%

* Provision in interest and principal guaranteed trust directly effect to bank's profits.

* Provision in principal guaranteed trust which is operated performance base does not effect to bank's profits as long as the leading rate is higher then zero.

* Provision in nonguaranteed trust does not effect to bank's profits.

* The specific money trust is operated by directions of trustor so the credits in specific money trust does not make provision.

(table 33) Asset classification and provision(FY1999)

In billions of Korean Won

	Trust assets			Trust assets			Credits to be provisioned (g=a+f)	Credits in Specific trust(h)	Total credit(l=g+h)
	Bank credits(a)	Int&Prin Guaranteed (b)	Prin. Guaranteed (c)	Trust credits to be consolidated (d=b+c)	Non -Guaranteed (e)	Trust credits to be provisioned (f=d+e)			
Normal	16,414.7	1,615.6	86.5	1,702.1	3,668.2	5,370.3	21,785.0	653.8	22,438.8
Precautionary	1,115.0	300.9	4.3	305.2	409.9	715.1	1,830.1	89.2	1,919.3
Substandard	935.3	556.9	2.8	559.7	161.8	721.5	1,656.8	54.1	1,710.9
Doubtful	377.2	29.3	0.0	29.3	11.2	40.5	417.7	3.5	421.2
Est. loss	98.1	42.4	3.2	45.6	9.3	54.9	153.0	0.0	153.0
Total credits	18,940.3	2,545.1	96.8	2,641.9	4,260.4	6,902.3	25,842.6	800.6	26,643.2
Problem credits									
Precautionary	1,115.0	300.9	4.3	305.2	409.9	715.1	1,830.1	89.2	1,919.3
Precautionary and below credits	2,525.6	929.5	10.3	939.8	592.2	1,532.0	4,057.6	146.8	4,204.4
Substandard and below credits	1,410.6	628.6	6.0	634.6	182.3	816.9	2,227.5	57.6	2,285.1
Bad credits(doubtful and below)	475.3	71.7	3.2	74.9	20.5	95.4	570.7	3.5	574.2
Asset soundness ratio									
Precautionary ratio	5.89%	11.82%	4.44%	11.55%	9.62%	10.36%	7.08%	11.14%	7.20%
Precautionary and below ratio	13.33%	36.52%	10.64%	35.57%	13.90%	22.20%	15.70%	18.34%	15.78%
Substandard and below ratio	7.45%	24.70%	6.20%	24.02%	4.28%	11.84%	8.62%	7.19%	8.58%
Bad assets ratio	2.51%	2.82%	3.31%	2.84%	0.48%	1.38%	2.21%	0.44%	2.16%
Provisioning									
Provisions for credit losses	705.0	236.3	6.5	242.7	84.2	327.2	1,032.2	0.0	1,032.2
Present value discounts	24.6	0.0	0.0	0.0	0.0	0.0	24.6	0.0	24.6
Coverage ratio									
Provisions/total credits	3.72%	9.28%	6.69%	9.19%	1.98%	4.74%	3.99%	0.00%	3.87%
Provision/precautionary and below credits	27.91%	25.42%	62.83%	25.83%	14.26%	21.36%	25.44%	0.00%	24.55%
Provision/substandard and below credits	49.98%	37.59%	107.87%	38.25%	46.32%	40.05%	46.34%	0.00%	45.19%

* Provision in interest and principal guaranteed trust directly effect to bank's profits.

* Provision in principal guaranteed trust which is operated performance base does not effect to bank's profits as long as the leading rate is higher then zero.

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* The specific money trust is operated by directions of trustor so the credits in specific money trust does not make provision.

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To the Board of Directors and Shareholders of Hana Bank

We have audited the accompanying balance sheets of Hana Bank ("the Bank") as of December 31, 2000 and 1999, and the related statements of income, appropriations of retained earnings and cash flows for the years then ended. 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 Hana Bank as of December 31, 2000 and 1999, and the results of its operations, the changes in its retained earnings, and its cash flows for the years then ended in accordance with financial accounting standards generally accepted in the Republic of Korea.

As discussed in note 2 to the financial statements, since 1999, the Bank changed its method of accounting and presentation for certain items in accordance with revised financial accounting standards. The accounting changes include accounting treatment for the allowance for possible loan losses, valuation of securities, valuation of receivables under troubled debt restructurings, reserve for possible losses on acceptances and guarantees, deferred taxes, prior period adjustments, and stock issuance costs.

Without qualifying our opinion, we draw attention to note 14 to the financial statements. The operations of the Bank have been significantly affected, and may continue to be affected for the foreseeable future, by the general adverse economic conditions in the Republic of Korea and the Asia Pacific region. The ultimate effect of these uncertainties on the financial position of the Bank as of December 31, 2000 can not presently be determined and accordingly, no adjustments have been made in the accompanying financial statements related to such uncertainties.

The amounts expressed in U.S. Dollars are provided solely for the convenience of the users of the financial statements and have been translated on the basis set forth in note 3 to the financial statements.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. The procedures and practices utilized to audit such financial statements may differ from those generally accepted and applied in other countries and jurisdictions. Accordingly, this report and the accompanying financial statements are not intended to be used by those who are not informed about Korean accounting principles or auditing standards and their application in practice.



Seoul, Korea
January 26, 2001

NON-CONSOLIDATED BALANCE SHEETS (Banking Accounts)

As of December 31, 2000 and 1999

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Assets				
Cash and due from banks (Note 4)	W 3,094,397	W 3,714,476	\$ 2,456,456	\$ 2,948,699
Trading securities (Note 5)	584,454	608,846	463,963	483,326
Investment securities (Note 6)	11,334,040	9,099,314	8,997,412	7,223,398
Loans (Note 7)	25,608,631	17,970,292	20,329,151	14,265,533
(Allowance for possible loan losses)	(821,171)	(655,096)	(651,878)	(520,041)
(Present value discounts)	(48,598)	(24,590)	(38,579)	(19,520)
Property, plant and equipment (Note 8)	558,485	509,256	443,347	404,267
(Accumulated depreciation)	(158,318)	(137,762)	(125,679)	(109,361)
Intangible assets (Note 8)	678	266	538	211
Guarantee deposits	302,181	299,115	239,883	237,449
Accounts receivable	209,805	9,853	166,552	7,822
Accrued income	441,527	547,749	350,502	434,825
Prepaid expenses	362,610	153,627	287,855	121,955
Deferred income tax assets (Note 21)	126,017	55,851	100,037	44,336
Other	179,411	227,339	142,422	180,472
Total assets	W 41,774,149	W 32,378,536	\$ 33,161,982	\$ 25,703,371
Liabilities and Stockholders' Equity				
Deposits (Note 9)	W 28,753,289	W 23,019,724	\$ 22,825,505	\$ 18,273,973
Call money	335,553	122,735	266,375	97,432
Borrowings (Note 10)	2,663,857	2,804,664	2,114,676	2,226,454
Bonds sold on repurchase agreements	1,359,705	1,040,013	1,079,388	825,604
Bills sold	2,409,511	681,504	1,912,766	541,005
Due to Bank of Korea in foreign currencies	237,155	415,537	188,263	329,870
Debentures (Note 11)	1,771,066	920,411	1,405,943	730,659
Reserve for possible losses of acceptances and guarantees (Note 12)	40,001	49,914	31,754	39,624
Due to trust accounts	806,948	372,323	640,587	295,564
Unearned income	110,556	104,862	87,764	83,243
Accrued expenses	896,822	715,197	711,933	567,752
Accounts payable	211,842	19,491	168,169	15,472
Other	419,449	346,602	332,975	275,148
Total liabilities	40,015,754	30,612,977	31,766,098	24,301,800
Commitments and contingencies (Note 14)				
Common stock, par value : W5,000, authorized : 500 million shares, issued and outstanding : 124,363,180 shares in 2000 and 110,163,180 shares in 1999 (Notes 1 and 15)	621,816	550,816	493,622	437,260
Preferred stock, par value : W5,000, non-cumulative, non-participating preferred stock authorized : 250 million shares, issued and outstanding : 67,081,000 shares in 2000 and 94,560,000 shares in 1999 (Note 1 and 15)	335,405	472,800	266,258	375,327
Capital surplus (Note 16)	400,797	345,784	318,169	274,497
Retained earnings (Note 17)	363,938	412,239	288,908	327,252
Capital adjustments (Note 6)	36,439	(16,080)	28,927	(12,765)
Total shareholders' equity	1,758,395	1,765,559	1,395,884	1,401,571
Total liabilities and shareholders' equity	W 41,774,149	W 32,378,536	\$ 33,161,982	\$ 25,703,371

The accompanying notes are an integral part of the financial statements.

NON-CONSOLIDATED STATEMENTS OF INCOME (Banking Accounts)

For the years ended December 31, 2000 and 1999

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Operating revenue				
Interest income :				
Interest on due from banks	W 145,322	W 184,889	\$ 115,362	\$ 146,772
Interest on securities	937,566	692,280	744,277	549,559
Interest on loans	1,850,976	1,369,824	1,469,378	1,087,420
Other	20,960	29,648	16,639	23,535
	2,954,824	2,276,641	2,345,656	1,807,286
Commission income	147,809	106,151	117,337	84,267
Other operating income :				
Gain on disposition of trading securities	25,777	65,428	20,463	51,939
Gain on valuation of trading securities	740	5,488	587	4,357
Dividend on securities	8,389	3,269	6,659	2,595
Gain on foreign currency trading	194,387	79,481	154,312	63,095
Fees from trust accounts	163,024	171,562	129,415	136,193
Other	115,681	20,600	91,832	16,353
	507,998	345,828	403,268	274,532
	3,610,631	2,728,620	2,866,261	2,166,085
Operating expense				
Interest expenses :				
Interest on deposits	W 1,622,627	W 1,269,896	\$ 1,288,106	\$ 1,008,094
Interest on borrowings	466,958	351,757	370,690	279,239
Interest on debentures	142,211	87,253	112,893	69,265
Other	29,426	44,783	23,359	35,550
	2,261,222	1,753,689	1,795,048	1,392,148
Commission expenses	32,602	25,771	25,881	20,458
Other operating expenses :				
Loss on disposition of trading securities	37,562	17,428	29,818	13,835
Loss on valuation of trading securities	16,491	6,772	13,091	5,376
Loss on foreign currency trading	179,498	52,951	142,493	42,035
Bad debt expense	534,236	406,460	424,098	322,664
Other	269,943	85,623	214,290	67,970
	1,037,730	569,234	823,790	451,880
General and administrative expenses (Note 19)	340,633	298,976	270,408	237,339
	3,672,187	2,647,670	2,915,127	2,101,825
Operating income (loss)	(61,556)	80,950	(48,866)	64,260
Non-operating income (Note 20)	194,284	182,665	154,231	145,007
Non-operating expenses (Note 20)	115,486	51,382	91,678	40,789
Ordinary income	17,242	212,233	13,687	168,478
Extraordinary gain	15,836	-	12,572	-
Extraordinary losses	-	-	-	-
Income before income taxes	33,078	212,233	26,259	168,478
Income tax expense (Note 21)	12,577	67,911	9,984	53,910
Net income (Note 22)	W 20,501	W 144,322	\$ 16,275	\$ 114,568

(Ordinary income per share : for current year :W43, for prior year :W1,353

Earning per share for current year :W124, for prior year :W1,353

Diluted ordinary income earnings per share for current year W42, for prior year :W736

Diluted earnings per share for current year :W109, for prior year W736)

The accompanying notes are an integral part of the financial statements.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS (Banking Accounts)

For the years ended December 31, 2000 and 1999

Dates of Appropriation : March 10, 2001 and March 20, 2000

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Unappropriated retained earnings at end of year				
Carried over from prior year	W 140	W 143	\$ 111	\$ 114
Cumulative effect from accounting changes (Note 17)	(38,369)	(63,499)	(30,459)	(50,408)
Prior period adjustments, net (Note 17)	-	1,025	-	814
Net income	20,501	144,322	16,275	114,568
	(17,728)	81,991	(14,073)	65,088
Transfer from voluntary reserves				
Reserve for overseas investment	12,200	-	9,685	-
Reserve for future dividends	38,200	-	30,324	-
	50,400	-	40,009	-
Appropriations of retained earnings				
Legal reserve	2,100	14,500	1,667	11,511
Reserve for business rationalization	-	63	-	50
Reserve for future dividends	-	9,000	-	7,145
General purpose contingency reserve	-	6,200	-	4,921
Cash dividends (4% for common stock and 1% or 2% for preferred stock in 2000. 8% for common stock and 1% or 2% for preferred stock in 1999.)	30,434	52,088	24,160	41,350
	32,534	81,851	25,827	64,977
Unappropriated retained earnings to be carried over to subsequent year	W 138	W 140	\$ 109	\$ 111

The accompanying notes are an integral part of the financial statements.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (Banking Accounts)

For the years ended December 31, 2000 and 1999

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Cash provided from operating activities :				
Net income	W 20,501	W 144,322	\$ 16,275	\$ 114,568
Items not affecting operating cash flows :				
Depreciation and amortization	38,963	32,292	30,930	25,635
Provision for possible loan losses	534,236	406,460	424,098	322,664
Provision for severance benefits	12,077	8,563	9,587	6,798
Unrealized gain on securities, net	78,760	(52,318)	62,523	(41,532)
Gain on securities transactions, net	(130,190)	(113,840)	(103,350)	(90,371)
Reversal of reserve for possible losses on acceptances and guarantees	(12,628)	(10,711)	(10,024)	(8,503)
Payment of retirement benefits	(1,594)	(1,179)	(1,265)	(936)
Gain on sales of loans, net	4,763	(9,347)	3,781	(7,420)
Changes in accrual basis accounts, net	(2,378,273)	595,682	(1,887,968)	472,876
Other	(15,915)	112,927	(12,635)	89,646
	W (1,849,300)	W 1,112,851	\$ (1,468,048)	\$ 883,425
Cash flows from investing activities :				
Increase in trading securities	W (3,144)	W (232,523)	\$ (2,496)	\$ (184,586)
Increase in investment securities	(1,999,703)	(54,179)	(1,587,444)	(43,009)
Increase in property, plant and equipment	(67,393)	(143,263)	(53,499)	(113,728)
Decrease (increase) in intangible assets	(538)	6,188	(427)	4,912
Decrease (increase) in guarantee deposits	(3,066)	8,706	(2,434)	6,911
Decrease (increase) in accounts receivable	(199,952)	85,391	(158,730)	67,787
Cash inflows from business combination	-	492,592	-	391,039
Other	-	16	-	13
	(2,273,796)	162,928	(1,805,030)	129,339
Cash flows from financing activities:				
Increase (decrease) in borrowings	(140,807)	487,252	(111,778)	386,800
Increase in bills sold	1,728,007	302,859	1,371,761	240,421
Increase (decrease) in debentures	847,638	(20,337)	672,889	(16,144)
Increase in foreign exchanges payable	42,250	13,403	33,540	10,640
Issuance of new stock for cash	126,013	228,424	100,034	181,332
Increase (decrease) in bonds sold under repurchase agreements	319,692	(46,464)	253,784	(36,885)
Decrease in due to Bank of Korea in foreign currencies	(178,382)	(373,049)	(141,607)	(296,141)
Increase (decrease) in call money	212,818	(301,219)	168,943	(239,120)
Increase (decrease) in due to trust accounts	396,168	(275,212)	314,494	(218,474)
Increase (decrease) in accounts payable	192,351	(101,754)	152,697	(80,776)
Cash dividends	(52,088)	(27,955)	(41,350)	(22,192)
Other	9,357	(112,845)	7,428	(89,581)
	3,503,017	(226,897)	2,780,835	(180,120)
Net increase in cash	(620,079)	1,048,882	(492,243)	832,644
Cash and cash equivalents at beginning of the year	3,714,476	2,665,594	2,948,699	2,116,055
Cash and cash equivalents at end of the year	W 3,094,397	W 3,714,476	\$ 2,456,456	\$ 2,948,699
Cash	754,144	980,260	598,670	778,169
Foreign currencies	34,058	24,220	27,037	19,227
Due from Banks	1,793,895	2,468,740	1,424,065	1,959,784
Due from Banks in foreign currencies	512,300	241,256	406,684	191,519

The accompanying notes are an integral part of the financial statements.

1. The Bank:

Hana Bank ("the Bank") was incorporated in 1971 as Korea Investment and Finance Corporation under the Commercial Code of the Republic of Korea to provide financing services as a financial intermediary. On September 20, 1972, the Bank was granted approval by the Ministry of Finance (presently the Ministry of Finance and Economy) to operate under the short-term Financing Business Law.

On June 29, 1991, the Bank was granted approval by the Ministry of Finance to engage in banking activities and the Bank's name was changed to Hana Bank. It became a nationwide commercial bank in July 1991.

On June 29, 1998, the Bank purchased certain assets and assumed most of the liabilities of Choong-Chung Bank by the order of the Financial Supervisory Commission (Note 26). As of January 1, 1999, the Bank completed a merger with Boram Bank (Note 27).

The Bank is engaged in the commercial banking business under the Banking Act, in the trust business under the Trust Business Act, in the foreign exchange transaction business and in other related businesses.

On June 5, 1972, the Bank listed its shares on the Korean Stock Exchange. On February 12, 1973, the Bank was registered as a foreign capital invested company under the Foreign Capital Inducement Law. The Bank's common stock and preferred stock outstanding as of December 31, 2000 are W621,816 million and W335,405 million, respectively.

In accordance with its Articles of Incorporation, the Bank is authorized to issue convertible bonds and bonds with stock warrants to investors other than shareholders in amounts up to W200 billion each. As of December 31, 2000 and 1999, the Bank has issued convertible bonds in the amount of W88 billion and W84 billion, respectively (see note 11).

2. Summary of Significant Accounting Policies:

The significant accounting policies followed by the Bank in the preparation of its financial statements are summarized below.

Basis of Financial Statement Presentation

The official accounting records of the Bank are maintained in Korean won in accordance with the relevant laws and regulations of the Republic of Korea.

The Bank operates both a commercial banking business and a trust business in which the Bank, as a fiduciary, holds and manages the property of others. Under the Trust Business Act, the trust funds are accounted for and reported separately from the Bank's own commercial banking business.

The accompanying financial statements have been extracted from the Bank's Korean language financial statements that were prepared using accounting principles, procedures and reporting practices generally accepted in the Republic of Korea. These standards vary from International Accounting Standards and the accounting principles generally accepted in the country of the reader. The financial statements have been translated from Korean into English, and have been formatted in a manner different from the presentation under Korean financial statement practices. Certain supplementary information included in the Korean language statutory financial statements, but not required for the fair presentation of the Bank's financial position or results of operations, is not presented in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Korea.

The preparation of financial statements in conformity with financial accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

Accounting Changes

During 1999, the Bank changed the methods of accounting and presentation of financial statements in accordance with revised financial accounting standards. The accounting changes include accounting treatments for the allowance for possible loan losses, valuation of securities, valuation of receivables under troubled debt restructuring, allowance for possible losses of guarantees and acceptances, deferred taxes, prior period adjustments, and stock issuance costs.

The cumulative effects on assets and liabilities arising as a result of the adoption of revised financial standards were W38,369 million and W63,499 million in 2000 and 1999, respectively. The changes were added to or deducted from beginning retained earnings or capital adjustments pursuant to the addendum to the revised financial accounting standards.

Recognition of Interest Income

Interest income on loans and investments is recognized on an accrual basis. However, interest income on overdue or dishonored loans is recognized on a cash basis, except for those secured and guaranteed by financial institutions. As of December 31, 2000 and 1999, accrued interest income not recognized in the financial statements were W73,596 million and W94,831 million, respectively.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

Allowance for possible loan losses

From 1999, the Bank adopted a method of corporate loan classification for calculating the allowance for possible loan losses by incorporating the borrowers' future debt service capacity ("Forward Looking Criteria (FLC)"). This credit rating model considers the financial and non-financial factors of borrowers and classifies borrowers' credit risk by thirteen ratings (1,2,3,4,5,6,7+,7,8+,8,9,10+,10). Provisions are determined by applying the following minimum percentages to the various credit ratings:

Credit ratings	Loan classifications	Provision percentages
1 ~ 8+	Normal	0 ~ 1.2%
8	Precautionary	2%
9	Substandard	20%
10+	Doubtful	50%
10	Estimated loss	100%

Household and credit card loans are classified based on the delinquent periods, value of collateral, and reasonably estimated collectibility.

Securities

All securities are initially carried at cost including incidental expenses, determined by the moving average method.

Marketable securities held for short-term capital gain purposes are classified as trading securities. Other securities are classified as investment securities.

Trading securities

Trading securities are marketable securities held for short-term trading and carried at their market values at the balance sheet date. Unrealized gains and losses on trading securities are included in current operations.

Investment securities

Investments in marketable equity securities of non-controlled investees are carried at fair value. Temporary changes in fair value are accounted for in the capital adjustment account, a component of stockholders' equity. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in current operations up to the original book value before decline.

Investments in non-marketable equity securities of non-controlled investees are carried at cost, except for declines in the Bank's proportionate ownership of the underlying book value of the investee which are anticipated to be permanent, which are recorded in current operations. The amounts of such losses recognized for the years ended December 31, 2000 and 1999 are W39,633 and W8,203 million, respectively. Subsequent recoveries are also recorded in current operations up to the original cost of the investment.

Investments in equity securities of companies over which the Bank exerts significant control or influence (controlled investees) are recorded using the equity method. Differences between the initial purchase price and the Bank's initial proportionate ownership of the net book value of the investee are amortized over 20 years or less using the straight-line method. Under the equity method, the Bank records changes in its proportionate ownership of the book value of the investee as current operations, capital adjustments or adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee.

Premiums and discounts on debt securities are amortized over the life of the debt using the effective interest method. Investments in debt securities which the Bank has the intent and ability to hold to maturity are generally carried at cost, adjusted for the amortization of discounts or premiums (amortized cost). Declines in the fair value of debt securities which are anticipated to be permanent are recorded in current operations. The amounts of such losses recognized for the years ended December 31, 2000 and 1999 are W16,200 million and W10,357 million, respectively. Subsequent recoveries are also recorded in current operations up to the amortized cost of the investment.

Other investments in debt securities are carried at fair value. Temporary differences between fair value and amortized cost are accounted for in the capital adjustment account. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Property, plant and Equipment

Property, plant and equipment are recorded at cost. Routine maintenance and repairs are charged to expense as incurred. Expenditure that enhances the value or extends the useful economic life of the facilities involved is treated as additions to property, plant and equipment.

Depreciation is computed using the declining-balance method (the straight-line method for buildings) over the estimated useful lives of the assets as described below.

	Estimated Useful Life-years
Buildings, structures and Auxiliary facilities	50
Vehicles, furniture and Fixtures	5
Structures in leased offices used for business purposes	5

Intangible Assets

Trademarks and goodwill are stated at cost, net of accumulated amortization. Goodwill and trademarks are amortized using the straight-line method over five and ten years, respectively.

Present Value Discounts

If the present value of a loan is different from the book value due to the rescheduling of terms as agreed by the related parties (as in the case of court receivership, court mediation or workout), the present value discount on the loan is offset against the allowance for possible loan losses, if available, or charged to current expenses.

The difference between book value and present value is recorded as 'present value discounts' in the balance sheet and amortized to current earnings over the related period using the effective interest rate method.

New Stock Issuance Costs and Debenture Issuance Costs

Effective January 1, 1999, pursuant to the revised financial accounting standards, new stock issuance costs and debenture issuance costs, which had been previously recorded as deferred charges are deducted from paid-in capital in excess of par value and the amounts of debenture issuance, respectively. Debenture issuance costs are amortized as interest expense over the redemption term using the effective interest rate method.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Korean won using the exchange rates of W1,259.70:US\$1 and W1,145.40:US\$1 in effect as of December 31, 2000 and 1999, respectively. Resulting translation gains and losses are charged to current operations.

Bonds Purchased Under Resale Agreements and Bonds Sold Under Repurchase Agreements

Bonds purchased under resale agreements and bonds sold under repurchase agreements are included in assets and liabilities in the accompanying balance sheet.

Accrued Severance Benefits

Directors and employees with more than one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Bank, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amounts to be paid if all eligible employees and directors were to terminate their employment as of the balance sheet date. Actual payments of severance benefits for the years ended December 31, 2000 and 1999 were W1,594 million and W1,179 million, respectively.

Reserve for Possible Losses on Acceptances and Guarantees

Acceptances and guarantees outstanding do not appear on the balance sheet, but are presented as off-balance sheet items in the notes to the financial statements.

The Bank provides a minimum provision of 20% of guaranteed amounts for companies classified as "substandard," 50% for "doubtful," and 100% for "estimated loss." The Bank records the provision as a reserve for possible losses on acceptances and guarantees in the liabilities section of the balance sheet.

Income Tax Expenses

Pursuant to revised financial accounting standards generally accepted in the Republic of Korea, the Bank changed its method of accounting for income tax expenses from the current income tax method to the deferred tax method in 1999.

Deferred taxes represent the tax effects of the different tax and financial account bases of assets and liabilities, and are recorded at enacted tax rates which are expected to be in effect when the temporary differences reverse. The provision for income taxes represents taxes currently payable for the year plus the change in the net deferred tax balance from the previous balance sheet date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Gain (Loss) on Prior Period Adjustments

Prior period adjustments are charged to retained earnings carried over from prior year.

Derivative Financial Instruments

Derivative financial instruments include futures, forwards and swap contracts, and are principally linked to interest rates, foreign currency exchange rates or equity indices.

In accordance with revised financial accounting standards related to derivatives accounting, effective January 1, 2000, the Bank recorded the fair values of rights and obligations related to derivatives contracts on the balance sheet as assets and liabilities and recognized the related gains or losses in the income statement. However, the effective portions of the unrealized gains or losses arising from "cash flow" hedge derivative financial instruments are deferred and recorded in capital adjustments.

Translation of Financial Statements of Overseas Branches

Accounts and records of the overseas branches are maintained in foreign currencies. In translating financial statements of overseas branches, the Bank applied the appropriate rate of exchange at balance sheet date.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

Stock Options

The Bank applies the fair value method in calculation of fair value of stock options and allocates it over the period from the option grant date to the exercise date and charges it to operations.

3. United States Dollar Amounts :

The Bank operates primarily in Korean won and its official accounting records are maintained in Korean won. The U.S. dollar amounts are provided herein as supplementary information solely for the convenience of the reader. All won amounts are expressed in U.S. dollars at the rate of W1,259.7:US\$1, the base exchange rate on December 31, 2000. This presentation is not required by or in accordance with Korean or United States generally accepted accounting principles, and should not be constructed as a representation that the Won amounts shown could be converted in or settled in U.S. dollars at this or any other rate.

The 1999 U.S. dollar amounts, which had been previously expressed at the rate published on December 31, 1999, have been restated to reflect the exchange rate in effect on December 31, 2000.

4. Cash and Due from Banks :

Cash and due from banks as of December 31, 2000 and 1999 are summarized as follows :

	Millions of Won			
	2000		1999	
Cash on hand	W	754,144	W	980,260
Foreign currencies		34,058		24,220
Due from banks in Won		1,793,895		2,468,740
Due from banks in foreign currencies		512,300		241,256
	W	3,094,397	W	3,714,476

Due from banks in Won currency at December 31, 2000 and 1999 comprise of the following :

	Annual interest rate (%) of 2000	Depository	Millions of Won			
			2000		1999	
Checking accounts	-	Bank of Korea	W	740,668	W	489,375
Certificates of deposits	6.9 ~ 7.8	Other Banks		790,694		1,200,295
Time deposits	7.0 ~ 8.5	Other financial Institutions		22,472		709,917
Other deposits	0.0 ~ 10.1	Other financial Institutions		240,061		69,153
			W	1,793,895	W	2,468,740

Checking accounts deposited in the Bank of Korea represent reserves required and restricted for the payment of deposits under the Bank of Korea Act. Furthermore, as of December 31, 2000 and 1999, W581 million and W646 million respectively, of other deposits are restricted as to withdrawal under agreements with counterparties.

Due from banks in foreign currencies as of December 31, 2000 and 1999 comprise the following :

	Annual average interest rate of 2000	Depository	Millions of Won			
			2000		1999	
Checking accounts	-	Foreign Banks	W	172,496	W	84,107
Time deposits	7.47	Domestic Banks		339,804		148,914
Other deposits in Foreign currencies	6.49	Foreign Banks		-		8,235
			W	512,300	W	241,256

As of December 31, 2000 and 1999, W30,426 and W29,133 million respectively, of checking accounts are deposits reserved at the Bank of Korea under the Bank of Korea Act for the settlement with foreign banks. Furthermore, W8,235 million of other deposits in foreign currencies as of December 31, 1999 are restricted as to withdrawal under the agreements with counterparties.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

The term structures of due from banks outstanding at December 31, 2000 and 1999 are as follows (millions of Won) :

1) As of December 31, 2000

Term Structures	Due from Banks In Won currency		Due from Banks in foreign currencies		Total
Within 1 month	W	448,965	W	265,399	W 714,364
1 ~ 3 months		464,530		228,006	692,536
3 ~ 6 months		106,344		18,895	125,239
6 months ~ 1 year		12,120		-	12,120
1 ~ 3 years		30,000		-	30,000
More than 3 years		731,936		-	731,936
	W	1,793,895	W	512,300	W 2,306,195

2) As of December 31, 1999

Term Structures	Due from Banks In Won currency		Due from Banks in foreign currencies		Total
Within 1 month	W	58,286	W	128,028	W 186,314
1 ~ 3 months		1,144,518		87,812	1,232,330
3 ~ 6 months		548,914		25,416	574,330
6 months ~ 1 year		173,181		-	173,181
1 ~ 3 years		30,116		-	30,116
More than 3 years		513,725		-	513,725
	W	2,468,740	W	241,256	W 2,709,996

5. Trading Securities:

Trading securities as of December 31, 2000 and 1999 comprise the following (millions of Won) :

1) As of December 31, 2000

	Annual interest Rate (%)	Acquisition Cost(*)	Carrying Value
Equity securities	-	W 64,619	W 48,369
Debt securities			
Government and public bonds	7.00~9.39	165,179	165,315
Debentures issued by financial institutions	6.63~7.80	226,816	227,187
Corporate bonds	1.00~10.00	123,216	123,611
Securities denominated in foreign currencies	0.25~13.75	20,194	19,972
		535,405	536,085
		W 600,024	W 584,454

2) As of December 31, 1999

	Annual interest Rate (%)	Acquisition Cost(*)	Carrying Value
Equity securities	-	W 50,836	W 56,105
Debt securities			
Government and public bonds	4.71 ~ 8.60	391,343	385,213
Debentures issued by financial institutions	6.50 ~ 14.82	156,410	154,753
Corporate bonds	5.01 ~ 13.69	8,963	8,113
Securities denominated in foreign currencies	8.38 ~ 9.36	4,623	4,662
		561,339	552,741
		W 612,175	W 608,846

(*) Acquisition cost represents prior year's closing book balances of securities or acquisition costs for securities purchased for current period.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

The information about trading securities by industry as of December 31, 2000 and 1999 is summarized as follows :

Industry	2000		1999	
	Millions of Won	Ratio(%)	Millions of Won	Ratio(%)
Financial institutions	W 246,778	42.22	W 176,488	28.99
Public administration	274,104	46.90	388,754	63.85
Manufacturing	56,017	9.58	24,400	4.01
Wholesale and retail	5,433	0.93	14,299	2.35
Other	2,122	0.37	4,905	0.80
	W 584,454	100.00	W 608,846	100.00

6. Investment Securities:

Investment securities as of December 31, 2000 and 1999 comprise the following (millions of won) :

	Annual interest rate (%)	Carrying value	
		2000	1999
Stocks and equity investments	-	W 312,570	W 466,239
Government and public bonds	5.00 - 18.40	818,350	1,436,442
Debentures issued by financial institutions	6.35 - 17.00	4,683,839	2,439,100
Corporate bonds	1.00 - 25.00	4,455,177	4,001,842
Beneficiary certificates	-	416,203	360,639
Securities denominated in foreign currencies	-	642,631	366,045
Other	-	5,270	29,007
		W 11,334,040	W 9,099,314

As of December 31, 2000, W1,763,232 million of the investment securities are restricted as collateral for borrowings from the Bank of Korea and other financial institutions.

Stocks and equity investments as of December 31, 2000 and 1999 are as follows (millions of won) :

	2000		1999	
	Ownership (%)	Carrying value	Ownership (%)	Carrying value
Investments using the equity method				
Hana Securities	54.77(*)	W 133,347	39.68(*)	W 96,066
Korea Merchant Banking Corporation	-	-	26.36(*)	41,291
Hana Research	100.00	2,001	100.00	1,998
Hana Risjad Finance	70.00	-	70.00	155
Hana Allianz	50.00	15,000	-	-
		150,348		139,510
Marketable equity securities (non-equity method)		48,384		80,668
Non-marketable equity securities (non-equity method)		95,089		88,914
Other investments		18,749		157,147
		W 312,570		W 466,239

(*) net of treasury stocks

Investment securities valued by the equity method as of December 31, 2000 are summarized as follows (millions of won) :

	Acquisition Cost	Current period adjustments		Book value
		Gain (Loss) on equity method (*)	Capital Adjustment	
Domestic subsidiaries				
Hana Securities	W 97,234	W 25,711	W 10,402	W 133,347
Korea Merchant Banking Corporation	41,291	(41,291)	-	-
Hana Research	1,998	3	-	2,001
Hana Allianz	15,000	-	-	15,000
	155,523	(15,577)	10,402	150,348
Overseas subsidiary				
Hana Risjad Finance	80	(80)	-	-
	W 155,603	W (15,657)	W 10,402	W 150,348

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

During the year ended December 31, 2000, the Bank purchased W5,063 million (973,180 shares) and W7,399 million (1,594,340 shares) of additional preferred and common stocks of Hana Securities, respectively. The difference between the acquisition cost and the Bank's proportionate ownership of the net book value of the investee is amortized over 5 years using the straight-line method, resulting in W3,538 million of gain on equity method related to common stocks and W2,286 million of capital adjustments related to preferred stocks.

The Bank invested W15,000 million in Hana Allianz investment trust management Co. Ltd. which was established on December 14, 2000, resulting in fifty percent ownership of the company.

On November 15, 2000, Korea Merchant Bank Corporation ("KMBC"), equity investee of the Bank as of December 31, 1999, made a capital reduction with no reimbursement as ordered by the Financial Supervisory Commission. Accordingly, the Bank charged W41,291 million of the investment to KMBC to operations as a loss on equity method for the year ended December 31, 2000.

In connection with the funding public capital to KMBC by the Government for restructuring, as the shareholder of KMBC, the Bank purchased W23,000 million of security finance bonds for the Government at par value on December 22, 2000, and accounted W6,356 of the difference between fair value and acquisition cost of the securities to capital adjustment as a account of loss on investment securities.

Details of marketable equity securities as of December 31, 2000 comprise the following (millions of won) :

Company	Number of Stocks	Ownership (%)	Acquisition cost	Carrying Value
39 Shopping	240,000	2.91	W 1,242	W 3,384
SK Securities	6,059,106	2.26	28,104	8,846
Hankang Debt Restructuring Fund	2,080,000	1.64	10,400	5,606
Shinwon	3,149,200	4.95	2,896	1,953
Namkwang Engineering & Construction Co., Ltd.	3,000,000	17.96	15,000	2,610
Ssangyong Engineering & Construction Co. Ltd.	4,322,200	3.50	21,611	1,513
Ssangyong Motor Co.	3,513,800	9.23	2,776	2,108
KIS Information	1,483,500	3.53	667	1,528
Inchon Iron & Steel Co., Ltd.	1,610,634	1.33	6,442	6,442
Haitai Confectionery Co., Ltd.	4,153,800	2.55	9,969	9,969
Other	-	-	10,322	4,425
			W 109,429	W 48,384

SK Securities were acquired as a result of a total return swap contract that the Boram Bank had entered into with SK Securities in 1997. The Bank is restricted as to disposition within 2 years of acquisition by the counterparty.

Details of non-marketable equity securities as of December 31, 2000 comprise the following (millions of won):

Company	Number of Stocks	Ownership (%)	Carrying value
Corporation Restructuring Fund	7,920,000	3.13	W 39,600
Samsung Life Insurance Co.	47,700	0.24	15,836
Korea Securities Finance Corporation	1,247,653	1.83	8,243
LG Capital	574,352	0.82	4,113
Korea Asset Management Co.	500,000	1.92	2,210
Iffcom, Ltd.	33,000	2.85	1,980
Dawoo Shipbuilding & Marine Eng.	501,403	0.26	1,487
Halla Heavy Industries	411,109	2.05	1,337
B.C Card	87,120	1.98	1,331
KIS Information	229,544	4.80	1,321
Shindo Venture Capital Co.	100,000	10.00	1,054
Oasis Venture Capital Co.	200,000	10.00	1,000
Ezville Inc.	200,000	10.00	1,000
Other	-	-	14,577
			W 95,089

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

Debt securities as of December 31, 2000 and 1999 comprise the following (millions of won) :

1) As of December 31, 2000

	Par value		Acquisition cost		Carrying Value	
Available-for-sale						
Government and public bonds	W	811,103	W	786,946	W	818,247
Debentures issued by financial institutions		4,767,210		4,653,396		4,683,839
Corporate bonds		4,356,558		4,392,992		4,445,227
Securities denominated in foreign currencies		698,766		717,800		642,631
		10,633,637		10,551,134		10,589,944
Held-to-maturity						
Government and public bonds		103		103		103
Corporate bonds		10,000		9,950		9,950
		10,103		10,053		10,053
	W	10,643,740	W	10,561,187	W	10,599,997

Due to the sale of some of held-to maturity debt securities, the Bank reclassified W4,184,409 million of held-to maturity debt securities to available-for-sale debt securities in 2000. The Bank realized a gain on the sale of W6,379,287 million of investment debt securities during 2000. Related to this, W148,323 million and W2,813 million are included in gains and losses on disposition of investment securities, respectively.

2) As of December 31, 1999

	Par value		Acquisition cost		Carrying Value	
Available-for-sale						
Government and public bonds	W	652,987	W	636,505	W	631,580
Debentures issued by financial institutions		672,425		623,216		619,322
Corporate bonds		936,055		994,480		968,932
Securities in foreign currencies		199,635		152,003		157,087
		2,461,102		2,406,204		2,376,921
Held-to-maturity						
Government and public bonds		806,679		804,239		804,862
Debentures issued by financial institutions		1,885,502		1,815,763		1,819,778
Corporate bonds		3,019,771		3,036,612		3,032,910
Securities in foreign currencies		230,997		223,734		208,687
		5,942,949		5,880,348		5,866,237
	W	8,404,051	W	8,286,552	W	8,243,158

Details of gains (losses) on valuation of investment securities appropriated in capital adjustments as of December 31, 2000 and 1999 are as follows (millions of won) :

Account name	Amount			
	2000		1999	
Stocks and equity investments	W	(45,370)	W	(1,598)
Government and public bonds		25,937		(4,597)
Debentures issued by financial institutions		21,813		(3,689)
Corporate bonds		53,002		(16,112)
Securities denominated in foreign currencies		(16,664)		6,205
Other securities		(2,859)		3,711
	W	35,859	W	(16,080)

The information about investment securities by currency and country as of December 31, 2000 and 1999 is summarized as follows (millions of won) :

1) As of December 31, 2000

Origination Country	Domestic Currency		Foreign Currency	
		Ratio (%)		Ratio (%)
Rep. of Korea	W	10,690,391	W	630,021
China		-		1,095
U.S.A		1,018		-
Other		-		11,515
	W	10,691,409	W	642,631
		100.00		100.00

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

2) As of December 31, 1999

Origination Country	Domestic Currency		Ratio (%)	Foreign Currency		Ratio (%)
Rep. of Korea	W	8,733,269	100.00	W	320,524	87.57
Thailand	-	-	-	-	7,078	1.93
Indonesia	-	-	-	-	16,258	4.44
Columbia	-	-	-	-	10,309	2.82
China	-	-	-	-	7,066	1.93
Philippines	-	-	-	-	515	0.14
Germany	-	-	-	-	4,295	1.17
	W	8,733,269	100.00	W	366,045	100.00

The information about investment securities by industry as of December 31, 2000 and 1999 is summarized as follows :

Origination Country	2000		1999	
	Millions of won	Ratio (%)	Millions of won	Ratio (%)
Financial business	W 6,012,097	53.04	W 3,407,055	37.44
Public administration	4,140,833	36.53	4,504,670	49.51
Manufacturing	751,638	6.63	697,086	7.66
Construction	63,515	0.56	43,248	0.48
Wholesale and retail	208,184	1.84	178,561	1.96
Other	157,773	1.40	268,694	2.95
	W 11,334,040	100.00	W 9,099,314	100.00

7. Loans:

Loans as of December 31, 2000 and 1999 comprise the following :

	Annual interest rate (%)	Millions of won	
		2000	1999
Loans in won			
Corporate loans	5.56~12.58	W 8,640,822	W 6,516,794
Household loans	9.96~14.93	5,338,278	3,279,323
Others	7.83~9.76	1,391,029	159,776
		15,370,129	9,955,893
Loans in foreign currencies	6.45~11.25	1,007,425	958,494
Bills purchased in won	13.88	3,471,909	2,332,055
Bills purchased in foreign currencies	8.83	1,246,377	1,181,917
Advances to customers	0.72~5.22	171,589	192,554
Factoring receivables	8.46~11.73	118,568	124,132
Credit card loans	5.01~17.01	440,438	118,394
Bonds purchased under agreements of repurchase	4.78~8.01	820,000	920,000
Call loans	5.23~6.52	767,364	412,311
Privately-placed debentures	9.91	2,194,832	1,774,542
		W 25,608,631	W 17,970,292

The information about loans in won (including bills purchased and factoring receivables) and loans in foreign currencies by industry as of December 31, 2000 and 1999 is summarized as follows (millions of won) :

1) As of December 31, 2000

Industry	Loans in won		Loans in foreign currencies		Total	Ratio (%)
Manufacturing	W	6,472,709	W	857,818	W 7,330,527	36.7
Wholesale & retail		1,498,747		1,377	1,500,124	7.5
Financial business		782,523		76,269	858,792	4.3
Construction		1,413,763		23,934	1,437,697	7.2
Household		5,337,042		-	5,337,042	26.7
Real estate & renting		232,309		-	232,309	1.2
Public & Other		3,223,513		48,027	3,271,540	16.4
	W	18,960,606	W	1,007,425	W 19,968,031	100.0

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

2) As of December 31, 1999

Industry	Loans in won		Loans in foreign currencies		Total	Ratio (%)
Manufacturing	W	4,637,712	W	343,602	W 4,981,314	37.3
Wholesale & retail		1,158,746		49,288	1,208,034	9.0
Financial business		453,362		412,703	866,065	6.5
Construction		938,703		24,583	963,286	7.2
Household		3,279,323		-	3,279,323	24.5
Utility		323,973		-	323,973	2.4
Real estate & renting		309,870		3,630	313,500	2.3
Public & Other		1,310,391		124,688	1,435,079	10.8
	W	12,412,080	W	958,494	W 13,370,574	100.0

The information about loans in foreign currencies by country as of December 31, 2000 and 1999 is summarized as follows :

Origination Country	2000		1999	
	Millions of won	Ratio (%)	Millions of won	Ratio (%)
Republic of Korea	W 965,530	95.8	W 888,477	92.7
Indonesia	23,493	2.3	28,006	2.9
China	7,658	0.8	15,198	1.6
Hong Kong	4,640	0.5	4,116	0.4
Thailand	-	-	13,980	1.5
Brazil	-	-	3,168	0.3
Turkey	-	-	5,549	0.6
Other	6,104	0.6	-	-
	W 1,007,425	100.0	W 958,494	100.0

Details of changes in the allowance for possible loan losses for the years ended December 31, 2000 and 1999 are as follows (millions of won) :

Details of changes	Millions of Won	
	2000	1999
Beginning balance	W 655,096	W 239,398
Carried over on merger	-	213,400
Carried over from overseas subsidiary	-	22,536
Offset with present value discounts	(43,404)	(10,048)
Transfer from allowances for acceptances and guarantees	(250)	(60,621)
Repurchase loans from KAMCO	8,369	30,899
Write-offs	(403,200)	(148,761)
Remission of loans	(20,470)	(19,787)
Decrease from execution of put-back option	-	(16,975)
Collection of previously written-off receivables	78,165	9,135
Changes of currency exchange rate	12,629	(911)
Provision for possible loan losses	534,236	396,831
Closing balance	W 821,171	W 655,096

The term structures of loans in won (including bills purchased and factoring receivables), loans in foreign currencies and bills purchased in foreign currencies as of December 31, 2000 are summarized as follows (millions of won) :

Term Structures	Loans in won		Loans in foreign currencies		Bills purchased in foreign currencies	Total
Within 1 month	W	1,594,095	W	53,892	W 561,442	W 2,209,429
1 ~ 3 months		4,399,560		146,275	391,990	4,937,825
3 ~ 6 months		4,233,352		109,477	218,569	4,561,398
6 months ~ 1 year		5,078,692		215,040	34,213	5,327,945
1 ~ 3 years		1,979,943		229,985	34	2,209,962
More than 3 years		1,674,964		252,756	40,129	1,967,849
	W	18,960,606	W	1,007,425	W 1,246,377	W 21,214,408

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

As of December 31, 2000, the classification of loans is as follows (millions of won) :

	Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total
Loans in won(*)	W 17,215,161	W 546,077	W 583,525	W 239,479	W 19,527	W 18,603,769
Loans in foreign currencies	607,850	189,808	175,722	27,127	2,348	1,002,855
Bills purchased in foreign currency	1,187,001	19,247	17,931	22,198	-	1,246,377
Advances to customers	6,166	1,513	87,279	52,293	19,048	166,299
Credit card loans	430,840	6,030	42	2,195	1,331	440,438
Privately-placed debentures	2,071,593	52,825	42,941	25,887	120	2,193,366
Other	118,569	-	428	2,310	-	121,307
	W 21,637,180	W 815,500	W 907,868	W 371,489	W 42,374	W 23,774,411
Ratio(%)	91.0	3.4	3.8	1.6	0.2	100.0

(*) Including bills purchased and factoring receivables

The loan balances above are net of present value discounts. Bonds purchased under agreements of repurchase, call loan and inter-bank loans are not included in the above.

As of December 31, 2000 and 1999, allowances for possible loan losses are provided for the following accounts :

	Amount	
	2000	1999
Allowance for :		
Loans in won	W 527,493	W 307,484
Loans in foreign currencies	98,095	81,111
Bills purchased in foreign currencies	32,269	37,770
Advances to customers	94,404	82,679
Credit card loans	4,713	2,501
Privately-placed debentures	59,028	134,795
Account receivable	-	7,621
Other	5,169	1,135
	W 821,171	W 655,096

Historical ratios of allowance for possible loan losses to total loans for the most recent three years are as follows (millions of won) :

	2000.12.31	1999.12.31	1998.12.31
Loan(*)	W 23,774,411	W 16,575,551	W 7,592,701
Allowance for possible loan losses	821,171	655,096	239,398
Ratios	3.45 %	3.95 %	3.15 %

(*) Loan amount does not include bonds purchased under agreements of repurchase, call loans, interbank loans and are net of present value discounts

Details of loans written-off for the years ended December 31, 2000 and 1999 are as follows (millions of Won) :

	Millions of won	
	2000	1999
Loans in won	W 192,572	W 73,242
Loans in foreign currencies	39,318	91,729
Accounts receivable	10,277	7,037
Advances to customers	43,664	713
Credit card loans	1,244	5,047
Bills purchased in foreign currencies	13,059	-
Privately-placed debentures	121,500	-
Other	2,036	409
	W 423,670	W 178,177

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

During 2000, all loans written-off are offset with allowance for possible loan losses. During 1999, amount offset with reserve for possible loan losses is W168,548 million, and bad debts expense is W9,629 million.

During 2000 and 1999, the changes in present value discounts, due to changes in the contractual terms related to troubled debt restructuring, are as follows (millions of won) :

Changes in details	Amount			
	2000		1999	
Beginning balance	W	24,590	W	-
Increase				
Offset with allowance		109,604		20,428
Adjustment of retained earnings		-		3,144
Adjustment of merger		-		5,941
Decrease				
Amortized amount (interest income)		(19,396)		(3,864)
Reversal of allowance for possible loan losses (from early redemption)		(66,200)		(1,059)
Closing balance	W	48,598	W	24,590

Details of restructured loans, excluding the loans provided to Daewoo Group companies, due to changes in contractual terms as of December 31, 2000 are as follows (millions of won) :

	Details of cumulative restructuring			Restructured loans		
	Converted to equity securities	Convertible bonds	Convertible investment	Outstanding loans	Present value discounts	Allowance for losses
Workout	W 63,696	W 429	W 2,738	W 358,911	W 7,295	W 94,841
Court receivership	169	-	-	79,526	1,259	8,274
Court mediation	10,730	2,363	-	354,954	22,886	133,882
	W 74,595	W 2,792	W 2,738	W 793,391	W 31,440	W 236,997

As of December 31, 2000, loans including confirmed acceptances and guarantees to Daewoo Group companies are W345,430 million, of which present value discounts and reserves for possible loan losses are W17,158 million and W236,412 million, respectively.

8. Property, plant and equipment, and Intangible assets:

Property, plant and equipment, and intangible assets as of December 31, 2000 and 1999 are summarized as follows (millions of won) :

1) As of December 31, 2000

	Acquisition Cost		Accumulated Depreciation		Net book value	
Property, plant and equipment						
Land	W	170,670	W	-	W	170,670
Buildings, structures and auxiliary facilities		216,122		49,692		166,429
Vehicles, furniture and fixtures		171,693		108,626		63,067
		558,485		158,318		400,166
Intangible assets		678		-		678
	W	559,163	W	158,318	W	400,844

2) As of December 31, 1999

	Acquisition Cost		Accumulated Depreciation		Net book value	
Property, plant and equipment						
Land	W	163,029	W	-	W	163,029
Buildings, structures and auxiliary facilities		203,577		40,968		162,609
Vehicles, furniture and fixtures		142,649		96,794		45,855
		509,255		137,762		371,493
Intangible assets		266		-		266
	W	509,521	W	137,762	W	371,759

The Banking Act does not permit the Bank to own real estate in excess of the Bank's shareholders' equity.

In accordance with the bank supervisory regulations, the Bank's property, plant and equipment, except for land, are covered by insurance policies against fire and other casualty losses up to W206,854 million and W170,393 as of December 31, 2000 and 1999, respectively. Automotive equipment is covered by a legal and general insurance policy. As of December 31, 2000 and 1999, the government-posted prices of the Bank's land are W159,557 million and W100,746 million, respectively.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

9. Deposits:

Deposits as of December 31, 2000 and 1999 comprise the following :

	Annual average interest rate(%)	Millions of won	
		2000	1999
Won deposits :			
Demand deposits	0.00 ~ 1.28	W 1,621,321	W 1,151,923
Time and savings deposits	0.73 ~ 10.32	23,327,638	18,966,292
Mutual installment received	8.44	645,779	525,730
Housing installment deposits	8.75	68,655	-
		25,663,393	20,643,945
Foreign currency deposits :			
Demand deposits	0.00 ~ 2.57	202,580	80,025
Time and savings deposits	6.55	972,860	452,339
		1,175,440	532,364
Certificates of deposits :	7.89	1,914,456	1,843,415
		W 28,753,289	W 23,019,724

Deposits from financial institutions as of December 31, 2000 and 1999 are as follows :

	Millions of won	
	2000	1999
Won deposits :		
Demand deposits	W 33,397	W 84,030
Time and savings deposits	550,338	243,405
Mutual installment received	588	2,229
	584,323	329,664
Foreign currency deposits :		
Demand deposits	8,391	9,908
Time and savings deposits	23,813	12,723
	32,204	22,631
	W 616,527	W 352,295

The term structures of deposits as of December 31, 2000 are summarized as follows (millions of won) :

Term Structures	Won-Deposits	Foreign currency Deposits	Certificates of Deposits	Total
Within 1 month	W 7,364,634	W 436,573	W 366,395	W 8,167,602
1 ~ 3 months	4,443,824	345,656	215,147	5,004,627
3 ~ 6 months	3,995,104	79,093	730,643	4,804,840
6 months ~ 1 year	5,413,687	204,162	246,182	5,864,031
1 ~ 3 years	866,792	1,347	356,089	1,224,228
More than 3 years	3,579,352	108,609	-	3,687,961
	W 25,663,393	W 1,175,440	W 1,914,456	W 28,753,289

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

10. Borrowings:

Borrowings as of December 31, 2000 and 1999 comprise the following :

	Annual interest rate(%)	Millions of won	
		2000	1999
Won borrowings :			
Bank of Korea	3.00	W 533,764	W 416,316
Korean Government	4.00 ~ 5.00	80,703	75,709
Other	4.50 ~ 8.50	564,428	533,512
		1,178,895	1,025,537
Foreign currency borrowings :			
IFC & other	Libor+0.00~3.25	932,178	1,625,098
Standard Chartered Bank & other	6.70~8.29	527,590	99,737
Dai-Ichi Kangyo	Libor+0.50	25,194	54,292
		1,484,962	1,779,127
		W 2,663,857	W 2,804,664

The subordinated borrowings included in won-borrowings as of December 31, 2000 and 1999 comprise the following :

Lender	Annual interest rate (%)	Millions of won		Condition of borrowings
		2000	1999	
Kyobo Life Insurance	10.00~14.94	W 100,000	W 100,000	Lump sum redemption
Samsung Life Insurance	9.00~16.16	70,000	70,000	"
LG Fire & Marine Insurance	16.00	48,000	48,000	"
		W 218,000	W 218,000	

The maturities of borrowings as of December 31, 2000 are as follows (millions of won) :

Period	Won-Borrowings		Foreign currency Borrowings		Total
	W		W		
2001.1.1~2001.12.31	W	630,744	W	925,608	W 1,556,352
2002.1.1~2002.12.31		100,913		332,981	433,894
2003.1.1~2003.12.31		182,966		199,452	382,418
2004.1.1~2004.12.31		56,896		-	56,896
Thereafter		207,376		26,921	234,297
	W	1,178,895	W	1,484,962	W 2,663,857

11. Debentures:

Debentures as of December 31, 2000 and 1999 comprise the following :

	Annual interest rate (%)	Millions of won	
		2000	1999
Won-debentures :			
Subordinated bonds	Prime+0~15.63	W 1,174,925	W 672,012
Subordinated convertible bonds	8.00	49,998	49,998
Bonds	8.96 ~ 10.10	85,000	55,000
		1,309,923	777,010
(Adjustments for conversion rights)		(3,514)	(4,923)
		1,306,409	772,087
Foreign currency debentures :			
Foreign currency bonds	L + 0.35 ~ 1.75	429,558	115,685
Subordinated convertible bonds	6M libor	37,791	34,362
		467,349	150,047
(Present value discounts)		(2,692)	(1,723)
		464,657	148,324
		W 1,771,066	W 920,411

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

Details of the terms of outstanding subordinated convertible bonds as of December 31, 2000 and 1999 are as follows :

	Issue date	Due date	Annual Interest Rate (%)	Millions of won	
				2000	1999
Won-debentures					
Boram 1 st	1997.11.25	2003. 1.31	8.0	W 30,000	W 30,000
Boram 2nd	"	"	"	19,998	19,998
	(Adjustments for conversion rights)			(3,514)	(4,923)
				46,484	45,075
Foreign currency debentures					
IFC 1 st	1998. 6.29	2004. 2.15	6 M libor	37,791	34,362
				W 84,275	W 79,437

	Boram 1st & 2nd	IFC 1st
Conversion price	W 19,616	W 6,236
Conversion period	1998.11.26-2002.12.31	1999.6.30-2003.2.15
Disbursement at due date	100% of par value	100% of par value
Interest term	Annual	Annual

The maturities of debentures as of December 31, 2000 are as follows (millions of won) :

Periods	Won-Debentures	Foreign currency Debentures	Total
2001.1.1-2001.12.31	W -	W 134,788	W 134,788
2002.1.1-2002.12.31	80,000	62,985	142,985
2003.1.1-2003.12.31	459,077	231,785	690,862
2004.1.1-2004.12.31	166,300	37,791	204,091
Thereafter	604,546	-	604,546
	W 1,309,923	W 467,349	W 1,777,272

12. Confirmed Acceptances and Guarantees:

Confirmed acceptances and guarantees as of December 31, 2000 and 1999 comprise the following :

	Millions of won	
	2000	1999
Acceptances and guarantees in won :	W 665,310	W 635,790
Acceptances and guarantees in foreign currencies :		
Acceptances for letters of credit	1,538,885	1,182,248
Letters of guarantee for importers	56,339	56,653
Guarantees on credit derivatives	31,493	28,635
Other(*)	602,808	453,575
	2,229,525	1,721,111
	W 2,894,835	W 2,356,901

(*) acceptances and guarantees for the return of advances related to export, overseas bidding, and contractual obligations.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

Information about confirmed acceptances and guarantees by industry as of December 31, 2000 and 1999 is summarized as follows :

Industry	2000		1999	
	Millions of won	Ratio (%)	Millions of won	Ratio (%)
Manufacturing	W 2,195,314	75.9	W 1,452,802	61.7
Construction	151,187	5.2	231,441	9.8
Wholesale & retail	238,304	8.2	179,865	7.6
Transport & storage	16,901	0.6	81,698	3.5
Financial business	32,743	1.1	7,590	0.3
Real estate & renting	6,654	0.2	783	0.0
Other	253,732	8.8	402,722	17.1
	W 2,894,835	100.0	W 2,356,901	100.0

Information about confirmed acceptances and guarantees in foreign currencies by country as of December 31, 2000 and 1999 is summarized as follows :

Country	2000		1999	
	Millions of won	Ratio (%)	Millions of won	Ratio (%)
Korea	W 2,194,934	98.5	W 1,691,928	98.3
Japan	31,492	1.4	28,635	1.6
Hong Kong	3,099	0.1	548	0.1
	W 2,229,525	100.0	W 1,721,111	100.0

Reserves for possible losses on acceptances and guarantees as of December 31, 2000 and 1999 are composed of the following (millions of won) :

1) As of December 31, 2000

	Amount of Acceptances and Guarantees		Amount of Reserve		Reserve ratio (%)
Acceptances and guarantees in won	W	665,310	W	8,498	1.28
Acceptances and guarantees in foreign currencies		2,229,525		27,880	1.25
	W	2,894,835	W	36,378	1.26

2) As of December 31, 1999

	Amount of Acceptances and Guarantees		Amount of Reserve		Reserve ratio (%)
Acceptances and guarantees in won	W	635,790	W	13,080	2.06
Acceptances and guarantees in Foreign currencies		1,721,111		33,530	1.95
	W	2,356,901	W	46,610	1.98

As of December 31, 2000 and 1999, respectively, W3,623 million and W3,304 million of additional reserves for unconfirmed acceptances and guarantees of W6,165 and W10,715 million, provided to Daewoo Group companies, are excluded in the amount of reserve for possible losses on acceptances and guarantees shown above.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

13. Assets and Liabilities Denominated in Foreign Currencies:

Significant assets and liabilities denominated in foreign currencies at December 31, 2000 and 1999 are as follows :

1) At December 31, 2000

		Millions of won	Thousand of US\$ Equivalent
Assets :			
Cash & due from banks	W	546,359	\$ 433,720
Trading securities		19,972	15,854
Investment securities		642,631	510,146
Loans		1,007,425	799,734
Other		1,741,255	1,382,279
Allowance for possible loan losses		(130,367)	(103,491)
	W	3,827,275	\$ 3,038,242
Liabilities :			
Deposits	W	1,175,439	\$ 933,110
Borrowings		1,484,962	1,178,822
Due to Bank of Korea		237,155	188,263
Debentures		467,349	371,000
Other		314,944	250,016
	W	3,679,849	\$ 2,921,211

2) At December 31, 1999

		Millions of won	Thousand of US\$ Equivalent
Assets :			
Cash & due from banks	W	265,477	\$ 230,407
Trading securities		4,662	4,070
Investment securities		366,045	319,578
Loans		2,435,599	2,126,412
Other		33,196	28,983
Allowance for possible loan losses		(157,549)	(137,549)
	W	2,947,430	\$ 2,571,901
Liabilities :			
Deposits	W	532,364	\$ 465,297
Borrowings		1,779,127	1,551,102
Bonds sold on repurchase agreements		38,662	33,754
Due to Bank of Korea		415,537	362,788
Debentures		150,047	131,000
Other		81,927	71,525
	W	2,997,664	\$ 2,615,466

14. Commitments and Contingencies:

Derivatives	Amount of Position			Unrealized gains and losses (I/S)			B/S	
	Total	Trading	Hedging	Total	Trading	Hedging	Assets	Liabilities
Currency								
Forward	1,209,290	276,631	932,659	(23,090)	(24,638)	1,548	29,833	50,360
Swap	101,011	-	101,011	6,014	-	6,014	6,465	306
Subtotal	1,310,301	276,631	1,033,670	(17,076)	(24,638)	7,562	36,298	50,666
Interest rate Swap	144,866	-	144,866	(4,229)	-	(4,229)	-	3,784
Others	37,791	37,791	-	(309)	(309)	-	454	3,854
Total	1,492,958	314,422	1,178,536	(21,614)	(24,947)	3,333	36,752	58,304

Information of the amount of position and unrealized gains and losses of derivatives as of December 31, 2000 is as follows (millions of won) :

In accordance with the revised accounting rules of accounting for derivatives during the year ended December 31, 2000, the Bank recorded derivatives transaction on the balance sheet at fair value and recorded the unrealized gains and losses in current operations.

The Bank has entered into forward exchange contracts, currency futures and interest rate swaps with KOFEX. Related to the above, the Bank recorded for the year ended December 31, 2000, W78,671 million and W47,777 million of gain and loss, respectively, on transaction of derivatives, and W7,183 million and W30,272 million of unrealized gain and unrealized loss, respectively, as other operating income(loss).

The Bank has entered into swap contracts to hedge against the risk of changes in the market interest rate and foreign exchange rate. Related to the above, the Bank recorded for the year ended December 31, 2000, W5,192 million and W808 million of gain and loss, respectively, on transaction of derivatives, and W6,374 million and W4,590 million of unrealized gain and unrealized loss, respectively, as other operating income(loss).

In the normal course of business, the Bank enters into outstanding commitments, which under the banking accounting standards in the Republic of Korea, are not disclosed in the financial statements. In the opinion of management, these do not represent unusual risks of losses for the Bank. Certain commitments represent various degrees and types of risk to the Bank including credit, interest rate, foreign exchange rate, and liquidity risk. In many cases, the commitments involving interest and foreign exchange result from decisions to hedge overall interest rate and foreign exchange risk. A summary of significant commitments, categorized in accordance with bank supervisory regulations is as follows:

	Millions of won			
	2000		1999	
Commercial letters of credit	W	1,290,619	W	1,234,310
Loan commitments		-		70
Endorsed notes		150,690		47,499

The Bank, in relation to foreign confirmed acceptances and guarantees, has entered into credit derivatives purchase contract of W31,493 million (US\$ 25 million) with Hans Merchant Bank as of December 31, 2000.

In connection with the Bank's letter of credit guarantee for Shinhan International Corporation amounting to US\$ 3,397 thousand, Societe Generale, Seoul Branch has filed a lawsuit against the Bank claiming settlement. On December 11, 1998, the court determined that the Bank should pay the claim, including interest for the delayed payment period and the cost of the lawsuit. The Bank made an immediate appeal to a higher court by whose determination is the Bank won the case on October 24, 2000. Societe Generale, Seoul Branch made a final appeal to the Supreme Court and the result of the determination cannot be estimated as of December 31, 2000.

The Bank has entered into credit line commitments (W55,000 million limit) with several special purpose (asset-back securitization) companies to supply sufficient funds for the repayment of bonds issued by the companies. There has not been any utilization of the credit line during the year ended December 31, 2000. Rationally expected annual credit amounts to be utilized are W13,900 million and W11,200 million in 2001 and 2002, respectively.

Among the written-off claims of the Bank, the amount on which the legal rights of claims have not been expired is W494,308 million and W284,706 million as of December 31, 2000 and 1999, respectively.

The Bank has entered into a commitment with Korea Asset Management Corporation ("KAMCO") to sell non-performing loans with the sales being dependent on the collection of the loans, or repurchase under certain conditions. As of December 31, 2000, the non-performing loans sold to KAMCO under the commitment are W68,680 million. The ultimate resolution of these transactions may affect the Bank's financial position, depending on the settlement or repurchase of the loans. The ultimate effect of these significant uncertainties on the settlement or repurchase of the non-performing loans as of the balance sheet date cannot presently be determined and accordingly, no adjustments have been made in the accompanying financial statements related to such uncertainties other than those adjustments disclosed in these financial statements.

The Bank recognizes, in accordance with the Trust Business Act, trust fees from the banking accounts as income from trust operations. If losses are incurred on trust accounts that have guarantee of principal repayment trust terms, the losses are recognized as a loss from trust operations. Based on the financial statements of Trust Accounts prepared in accordance with the Trust Business Act, the Bank recorded W133,698 million and W42,942 million of other operating expenses as of December 31, 2000 and 1999, respectively.

Beginning in 1997, Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices. The Korean economy is currently experiencing additional difficulties, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The banking industry is currently undergoing consolidations and significant uncertainty exists with regard to the availability of short-term financing during the coming year. The Bank may be either directly or indirectly affected by the situation described above.

The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of the Bank. Actual results may differ materially from management's current assessment.

15. Capital Stock :

On January 8, 1999, as a direct result of the P&A (Purchase of assets and Assumption of liabilities) of Choong-Chung Bank and the merger with Boram Bank, the Bank issued 94,560,000 shares of non-cumulative, non-participating preferred stock for cash at W5,000 per share to Korea Deposit Insurance Corporation ("KDIC"). Upon executing the investment contract with KDIC, the Bank has a right to purchase ("call option") these preferred stocks. As of December 31, 2000, preferred stock issued outstanding is 67,081,000 shares after the Bank exercised its call option to purchase 27,479,000 shares on January 27, 2000. The terms for the options on the remaining 44,153,000 and 22,928,000 shares are until March 27, 2002 and March 27, 2004, respectively. If the Bank does not exercise its call options, the preferred shares will be converted to common stock after the end of the option term.

On April 21, 2000, the Bank issued 14,200,000 (par value of W5,000) common shares to Allianz AG (ownership of 12.46%) at W8,900 per share. The Bank recorded W55,013 million in capital surplus after deducting W367 million of stock issuance costs from W55,380 million of additional paid-in capital in excess of par value (Note 16).

During 1999 and 2000, the Bank granted stock options of 1,040,000 and 628,000 shares, respectively, to 57 members of the management. Depending on the Bank's future condition, the Bank may choose a cash benefit or the issuance of common stocks at an exercise price of W10,020 and W8,500, respectively.

16. Capital Surplus:

Capital surplus as of December 31, 2000 and 1999 comprises the following :

	Millions of won			
	2000		1999	
Paid-in capital in excess of par value	W	295,143	W	240,130
Negative goodwill from merger		105,407		105,407
Other		247		247
	W	400,797	W	345,784

Changes in paid-in capital in excess of par value for the years ended December 31, 2000 and 1999 are summarized as follows :

	Millions of won			
	2000		1999	
Beginning balance	W	240,130	W	169,084
Paid-in capital in excess of par value		55,380		72,393
Stock issuance costs		(367)		(1,347)
Closing balance	W	295,143	W	240,130

17. Retained Earnings:

Retained earnings as of December 31, 2000 and 1999 comprise the following :

	Reference	Millions of won			
		2000		1999	
Appropriated:					
Legal reserve	(A)	W	69,300	W	67,200
Reserve for business rationalization	(B)		10,600		10,600
Reserve for overseas investment loss	(C)		-		12,200
Reserve for future dividends	(D)		50,800		62,800
General purpose contingency reserve	(E)		233,100		259,300
			363,800		412,100
Unappropriated			138		139
		W	363,938	W	412,239

(A) The general Banking Act requires the Bank to appropriate a minimum of 10% of net income annual income before income taxes as a legal reserve, until such reserve equals 100% of its paid-in capital. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

- (B) The reserve for business rationalization is appropriated in accordance with Korean tax laws and provides the Bank with a deduction from taxable income. This reserve is not available for payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.
- (C) Pursuant to the Korean tax laws, the Bank is allowed to claim the amount of retained earnings appropriated for reserve for overseas investment loss as deduction from taxable income for the current year. This reserve is not available for payment of dividends until used for the specified purpose or reversed.
- (D) The reserve for future dividends represents amounts appropriated by the Bank for equalizing dividend rates through the years of business and can be used for any purpose by subsequent stockholders' resolution.
- (E) The general-purpose contingency reserve does not have any specified purpose and may be restored to unappropriated retained earnings through future shareholders' resolution.

As of December 31, 2000 and 1999, the details of cumulative effects from the change of accounting, as adjusted to retained earnings, are as follows :

1) As of December 31, 2000

Cumulative effect from accounting changes	Millions of won	
Prior year losses from trust operations	W	(38,457)
Gains on valuation of derivatives		151
Losses on valuation of derivatives		(63)
	W	(38,369)

2) As of December 31, 1999

Cumulative effect from accounting changes	Millions of won	
Tax effect on deferred tax liability	W	(25,438)
Valuation of subsidiary stock on equity method		(36,313)
Present value discounts on prior year's loans		(3,144)
Change in depreciation method of buildings		1,396
	W	(63,499)

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

18. Term Structures of Assets and Liabilities:

As of December 31, 2000, the term structures of assets and liabilities of the Bank are as follows (millions of Won) :

	1 ~ 3 month	3 ~ 6 month	6 month ~ 1 year	1 ~ 3 year	Thereafter	Total
1. In Won Currency						
(Assets)						
Due from banks	W 913,495	W 106,344	W 12,120	W 30,000	W 731,936	W 1,793,895
Securities	1,058,797	618,914	2,916,997	4,775,267	1,885,916	11,255,891
Loans (*)	5,993,655	4,233,352	5,078,692	1,979,943	1,674,964	18,960,606
Allowance for possible loan losses	-	-	-	-	(662,927)	(662,927)
Other	3,058,696	337,450	515,874	1,029,611	1,657,778	6,599,409
	11,024,643	5,296,060	8,523,683	7,814,821	5,287,667	37,946,874
(Liabilities and Shareholder's equity)						
Deposits	11,808,457	3,995,104	5,413,687	866,792	3,579,353	25,663,393
Certificate of deposits	581,542	730,643	246,182	356,089	-	1,914,456
Borrowings	554,463	25,612	53,911	282,891	262,018	1,178,895
Shareholders' equity	-	-	-	-	1,758,395	1,758,395
Other	2,821,141	561,324	1,325,875	1,210,167	1,660,654	7,579,161
	15,765,603	5,312,683	7,039,655	2,715,939	7,260,420	38,094,300
2. In foreign currencies						
(Assets)						
Due from banks	493,405	18,895	-	-	-	512,300
Securities	510,362	17,389	31,127	87,787	15,938	662,603
Loans	200,167	109,477	215,040	229,984	252,757	1,007,425
Bills purchased	953,432	218,569	34,213	34	40,129	1,246,377
Allowance for possible loan losses	-	-	-	-	(130,367)	(130,367)
Other	493,492	-	-	-	35,445	528,937
	2,650,858	364,330	280,380	317,805	213,902	3,827,275
(Liabilities)						
Deposits	782,229	79,093	204,162	1,347	108,608	1,175,439
Borrowings (**)	522,225	168,821	234,571	532,434	26,911	1,484,962
Other	493,795	-	1,260	428,298	96,095	1,019,448
	W 1,798,249	W 247,914	W 439,993	W 962,079	W 231,614	W 3,679,849

(*) including bills bought and factoring receivables.

(**) including due to the Bank of Korea in foreign currency and bonds sold on repurchase agreements in foreign currency.

19. General and Administrative Expenses:

General and administrative expenses for the years ended December 31, 2000 and 1999 comprise the following :

	Millions of won	
	2000	1999
Salaries and wages	W 134,944	W 126,085
Severance benefits	12,077	9,742
Fringe benefits	23,912	17,665
Rent	17,354	15,863
Entertainment	8,906	2,690
Depreciation and amortization	38,963	32,292
Taxes and dues	22,708	20,471
Advertising	16,466	11,798
Consulting fees	26,272	21,669
Other	39,031	40,701
	W 340,633	W 298,976

20. Non-operating Income and Non-operating Expenses:

Non-operating income for the years ended December 31, 2000 and 1999 comprise the following :

	Millions of won			
	2000		1999	
Gain on disposition of investment securities	W	149,186	W	86,564
Reversal of impairment loss on investment debt securities		14,731		-
Unrealized gain on investment securities		-		10,025
Gain on equity method		-		62,137
Gain on sales of loans		16,638		17,762
Other		13,729		6,177
	W	194,284	W	182,665

Non-operating expenses of the years ended December 31, 2000 and 1999 comprise the following :

	Millions of won			
	2000		1999	
Loss on disposition of investment securities	W	7,212	W	20,725
Loss on impairment of investment securities		55,833		18,560
Unrealized loss on investment securities		6,249		-
Loss on equity method		15,657		-
Loss on sales of loans		21,401		8,415
Other		9,134		3,682
	W	115,486	W	51,382

21. Income Tax Expense:

Income tax expenses for the years ended December 31, 2000 and 1999 comprise the following:

	Millions of won			
	2000		1999	
Current income taxes	W	81,657	W	57,414
Deferred taxes		(108,064)		(16,237)
Realization of tax effect from tax loss carryforward		38,984		11,241
Deferred tax adjustments to shareholders' equity		-		15,493
	W	12,577	W	67,911

The statutory income tax rate applicable to the Bank, including resident tax surcharges, is approximately 30.8%, however, effective tax rates for the year ended December 31, 2000 and 1999 are approximately 38.0 and 32.0%, respectively, due to above adjustments.

Changes in accumulated temporary differences for the years ended December 31, 2000 are as follows (millions of Won) :

Accounts	Beginning Balance		Increase		Decrease		Ending Balance	
Allowance for possible loan losses	W	117,892	W	324,150	W	117,892	W	324,150
Reserve for possible losses on acceptances and guarantees		49,914		-		9,913		40,001
Accrued income		(281,043)		(209,428)		(281,043)		(209,428)
Gain on valuation of securities		(20,433)		(7,412)		(10,562)		(17,283)
Loss on valuation of securities		7,985		24,039		4,358		27,666
Loss on impairment of investment securities		18,560		55,833		18,295		56,098
Gain on equity method		(62,197)		(25,791)		(23,547)		(64,441)
Goodwill amortization		9,793		-		3,266		6,527
Reserve for overseas investment loss		(9,433)		-		(9,433)		-
Present value discounts		28,812		43,404		23,618		48,598
Other		24,185		21,264		16,718		28,731
	W	(115,965)	W	226,059	W	(130,525)	W	240,619

The Bank adjusted W5,728 million of accumulated temporary differences of the difference between prior year income taxes recorded in the book and actual tax expense as a current increase (decrease) for the year ended December 31, 2000.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

As of December 31, 2000 and 1999, deferred income tax assets (liabilities) from temporary differences comprise the following (millions of Won) :

	2000		1999	
	Total amounts	Deferred income tax assets (liabilities)	Total amounts	Deferred income tax assets (liabilities)
Accumulated temporary differences as of beginning of the year (*)	W (115,965)	W (35,717)	W (168,682)	W (51,954)
Tax effect from Tax loss carryforward (**)	168,526	51,906	297,299	91,568
Changes in temporary differences for the period	356,584	109,828	52,717	16,237
	W 409,145	W 126,017	W 181,334	W 55,851

(*) The tax effect of accumulated temporary differences from prior year was adjusted to retained earnings

(**) The tax loss carryforward is transferred in from Boram Bank and deductible in the future years under the Korean Tax Law.

22. Earnings Per Share and Ordinary Income Per Share:

Earnings per share and ordinary income per share for the years ended December 31, 2000 and 1999 are calculated as follows :

	Korean Won	
	2000	1999
Ordinary income per share		
Ordinary Income after income tax expenses	W 10,686,119,091	W144,321,608,268
Dividends on Preferred stock	(5,561,700,000)	(8,023,000,000)
	5,124,419,091	136,298,608,268
Weighted average of common shares	120,056,623	100,763,739
Ordinary Income per share	W 43	W 1,353
Earnings per share		
Net Income	W 20,501,293,737	W144,321,608,268
Dividends on Preferred Stock	(5,561,700,000)	(8,023,000,000)
	14,939,593,737	136,298,608,268
Weighted average of common shares	120,056,623	100,763,739
Earnings per share	W 124	W 1,353

Diluted earnings per share and ordinary income per share for the year ended December 31, 2000 and 1999 are calculated as follows :

	Korean Won	
	2000	1999
Diluted ordinary income per share		
Ordinary income after income tax expenses	W 10,686,119,091	W144,321,608,268
Dividends on Preferred Stock	(5,561,700,000)	
Interest expense on convertible bonds	-	4,918,632,074
	5,124,419,091	149,240,240,342
Weighted average number of common shares	121,587,355	202,803,804
	W 42	W 736
Diluted earnings per share		
Net Income	W 20,501,293,737	W144,321,608,268
Interest expense on convertible bonds	-	4,918,632,074
	20,501,293,737	149,240,240,342
Weighted average number of common shares	188,668,355	202,803,804
	W 109	W 736

23. Related Party Transactions:

Significant operating transactions with related parties during the years December 31, 2000 and 1999 and related account balances at December 31, 2000 and 1999 are as follows (millions of Won) :

1) 2000

Related parties	Account balances		Transactions	
Hana Securities	Loans	W 3,398	Interest income	W 123
	Deposits	14,837	Interest expenses	695
Hana Research	Deposits	307	Consulting fees	1,004
			Interest expenses	6
Hana Risjad Finance	Loans	7,528	Interest income	419
			Interest expenses	7

2) 1999

Related parties	Account balances		Transactions	
Hana Securities	Loans	3,507	Interest income	2,799
	Deposits	9,779	Interest expenses	1,201
Hana Research	Deposits	27	Consulting fees	998
			Interest expenses	43
Korea Merchant Banking Corporation		-	Interest income	12
			Interest expenses	7
Hana Risjad Finance		-	Interest income	4
			Interest expenses	60

The Bank, as of December 31, 2000 and 1999, is providing medical expenses and housing funds to its employees for the betterment of employees' health and housing stability.

24. Information on Operating Segments:

The Bank's service line is composed of its Corporate Banking Group, Retail Banking Group, Choong-Chung Banking Group, the Treasury Group, and other administrative and trust segments. Financial information for each operating segment is as follows (in millions of won) :

1) For the year ended December 31, 2000

	Corporate Banking Group		Retail Banking Group		Choong-Chung Banking Group		Treasury Group & other		Total
	W		W		W		W		
Operating revenue	876,427		576,801		214,153		1,943,249	3,610,630	
Loans	10,271,768		7,593,692		1,982,201		4,891,201	24,738,862	
Securities	-		-		284,301		11,634,193	11,918,494	
Deposits/borrowings(*)	8,160,255		20,164,874		4,206,120		3,227,820	35,759,069	

2) For the year ended December 31, 1999

	Corporate Banking Group		Retail Banking Group		Choong-Chung Banking Group		Treasury Group & other		Total
	W		W		W		W		
Operating income	756,099		386,963		211,269		1,374,288	2,728,619	
Loans	8,055,474		4,256,192		1,199,914		3,779,027	17,290,607	
Securities	-		-		411,622		9,296,538	9,708,160	
Deposits/borrowings(*)	6,186,890		15,285,212		2,896,248		3,715,828	28,084,178	

(*) Including call money, bonds sold on repurchase agreements, bills sold, due to the Bank of Korea in foreign currencies, and debentures.

25. Results of the Trust business:

For the years ended December 31, 2000 and 1999, the results of operations related to the trust business are as follows.

	Millions of won			
	2000		1999	
Trust fees	W	163,024	W	171,562
Early termination fees		3,518		9,987
Operating revenue of trust operations		166,542		181,549
Operating loss of trust operations	W	133,698	W	42,942

26. Purchase of Assets and Assumption of Liabilities Contract:

The Bank has entered into a "Purchase of Assets and Assumption of Liabilities" (hereafter "P&A") contract, effective June 29, 1998, to purchase certain assets and assume most of the liabilities of Choong-Chung Bank which ceased operations as of June 29, 1998 by the order of the Financial Supervisory Commission.

According to the P&A contract, only the performing assets were purchased by the Bank and all non-performing assets were transferred to the Korea Asset Management Corporation ("KAMCO"). Any future economic loss arising from the non-performing assets will be absorbed according to the P&A contract and the subscription agreement with Korea Deposit Insurance Corporation.

On March 31, June 30, and September 30, 1999, put options were executed according to the P&A arrangement. As a consequence of the put options, the Bank received cash and securities of W388,045 million from KDIC and KAMCO.

27. Business combination:

On January 1, 1999, the Bank merged with Boram Bank, whose business is similar to that of Hana Bank. The Bank issued 8,761,986 shares of common stock in exchange for all of the issued and outstanding shares of Boram Bank. The exchange rate was 0.2549 share and 0.1485 share of the Bank's common stock for each share of Boram Bank's common stock and preferred stock, respectively.

28. Reclassification of Financial Statements at December 31, 1999:

Certain accounts in the financial statements at December 31, 1999 have been reclassified to conform to the 2000 presentation. These reclassifications had no effect on previously reported net income or stockholders' equity.

29. Event after Balance Sheet Date:

Hana Risjad Finance, the Bank's subsidiary located in Indonesia, had been in the process of liquidation during 2000 and the Bank sold all of shares of the company to PT. AITI Investment Co. for US\$3 million on February 21, 2001.

On January 30, 2001, the Bank has purchased 27,479,000 shares, at W5,000(par value) per share, of its redeemable preferred stock which had been issued and outstanding with the subscription agreements between the Bank and KDIC(see note 5). The stocks are recorded as treasury stocks in capital adjustment.

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To the Board of Directors Hana Bank

We have audited the accompanying balance sheet of trust accounts which Hana Bank ("the Bank") operates, as of December 31, 2000, and the related statement of operations of trust accounts for the year then ended. 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 audit.

We conducted our audit in accordance with auditing standards for trust funds 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 audit provides 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 trust accounts as of December 31, 2000, and the results of their operations for the year then ended in accordance with trust accounting standards generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw attention to note 7 to the financial statements. The operations of trust accounts have been significantly affected, and may continue to be affected for the foreseeable future, by the general adverse economic conditions in the Republic of Korea and in the Asia Pacific region. The ultimate effects of these uncertainties on the financial position of trust accounts as of December 31, 2000 can not presently be determined and accordingly, no adjustments have been made in the accompanying financial statements related to such uncertainties.

The amounts expressed in U.S. Dollars are provided solely for the convenience of the reader and have been translated on the basis set forth in note 3 to the financial statements.

The accompanying financial statements are not intended to present the financial position and results of operations of trust accounts in accordance with trust accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. The procedures and practices utilized to audit such financial statements may differ from those generally accepted and applied in other countries and jurisdictions. Accordingly, this report and the accompanying financial statements are not intended for use by those who are not informed about Korean trust accounting principles or auditing standards and their application in practice.



Seoul, Korea
February 23, 2001

BALANCE SHEET OF TRUST ACCOUNTS

December 31, 2000 and 1999

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000		1999	
Assets				
Cash and due from banks	W	5,340	\$	4,239
Loans :				
Loans collateralized by real estate		495,416		393,281
Loans collateralized by other than real estate		97,437		77,349
Uncollateralized loans		718,932		570,717
		1,311,785		1,041,347
Securities :				
Government and public bonds		1,185,478		941,079
Debentures issued by financial institutions		779,023		618,420
Corporate bonds		1,763,008		1,399,546
Stocks		940,231		746,393
Bills purchased		2,151,687		1,708,095
Other securities		827,167		656,638
		7,646,594		6,070,171
Call loans		420,000		333,413
Accrued income		241,182		191,459
Due from banking accounts (Note 6)		802,766		637,268
Other		505		401
(Allowance for possible loan losses)		(165,236)		(131,171)
Total assets	W	10,262,936	\$	8,147,127
LIABILITIES				
Money trusts				
Installment money trusts	W	584,628	\$	464,101
Household money trusts		1,024,648		813,406
Development money trusts		360,250		285,981
New installment money trusts		734,181		582,822
Retirement trusts		222,945		176,982
Specified money trusts		3,896,201		3,092,960
Open money trusts		869,082		689,912
New old-age pension trusts		571,992		454,070
Unit money trusts		759,558		602,967
Other		554,341		440,058
		9,577,826		7,603,259
Security management trusts		200,869		159,458
Unearned income		39,300		31,198
Accrued trust fees payable		15,910		12,630
Accrued trust dividends payable		394,777		313,390
Present value discounts		27,301		21,673
Reserve for future trust losses		6,179		4,905
Other		774		614
Total liabilities	W	10,262,936	\$	8,147,127

The accompanying notes are an integral part of these statements.

STATEMENT OF OPERATIONS OF TRUST ACCOUNTS

For the years ended December 31, 2000 and 1999

	In Millions of Korean Won	In Thousands of U.S. Dollars (Note 3)
	2000	1999
Revenue		
Interest income :		
Interest on due from banks	W 705	\$ 560
Interest and dividends on securities	889,628	706,222
Interest on loans	230,886	183,287
Interest on call loans	17,184	13,641
Interest on trusted money receivables	17,473	13,871
Other	18,983	15,069
	1,174,859	932,650
Gain on securities	137,694	109,307
Other	199,354	158,255
	1,511,907	1,200,212
Expenses		
Trust fees to the Bank (Note 6)	162,460	128,967
Commissions	4,398	3,491
Loss on securities	351,098	278,716
Provision for possible loan losses	64,070	50,861
Other	32,704	25,962
	614,730	487,997
Dividends of trust profit to beneficiaries	W 897,177	\$ 712,215

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS OF TRUST ACCOUNTS

December 31, 2000

1. The trustee:

Hana Bank("the Bank"), the trustee, was incorporated in 1971 as Korea Investment and Finance Corporation under the Commercial Code of the Republic of Korea to provide financing services as a financial intermediary. On September 20, 1972, the Bank was granted approval by the Ministry of Finance (presently the Ministry of Finance and Economy) to operate under the short-term Financing Business Law.

On June 29, 1991, the Bank was granted approval by the Ministry of Finance (presently the Ministry of Finance and Economy) to engage in banking activities and the Bank's name was changed to Hana Bank. It became a nationwide commercial bank in July 1991.

On June 29, 1998, the Bank purchased certain assets and assumed most of the liabilities of Choong-Chung Bank by the order of the Financial Supervisory Commission. In addition, the Bank completed the merger with Boram Bank as of January 1, 1999.

The Bank is engaged in the commercial banking business under the Banking Act, in the foreign exchange transaction business, in the trust business under the Trust Business Act and in other related businesses.

On June 5, 1972, the Bank listed its shares on the Korean Stock Exchange. On February 12, 1973, the Bank was registered as a foreign capital invested company under the Foreign Capital Inducement Law. The Bank's common stock and preferred stock outstanding as of December 31, 2000 are W621,816 million and W335,405 million, respectively.

2. Summary of Significant Accounting Policies :

The financial statements of trust accounts are prepared in accordance with the Trust Business Act, except for certain items not specified in the Act which were prepared in accordance with the trust accounting standards generally accepted in the Republic of Korea. The significant accounting policies applied in the preparation of the accompanying financial statements of trust accounts are summarized as follows.

Revenue and Expenses of Trust Accounts

The trust accounts recognizes interest income and other revenues as trust revenue, and also trust operating expenses, dividends of trust profit to the beneficiaries, trust fees to the Bank and other expenses as trust expenses.

Interest Income Recognition

Interest income on loans and investment securities are recognized on an accrual basis, while interest income on overdue and dishonored loans and securities, except for those guaranteed by financial institutions or collateralized by deposits, is recognized on a cash basis.

Allowance for possible loan losses

The trust accounts classify corporate loans (including bills, privately placed debentures and securities not marked-to-market) and calculate the allowance for possible loan losses by incorporating the borrowers' future debt service capacity ("Forward Looking Criteria (FLC)"), rather than solely past performance, by applying the credit rating system. The credit rating system considers the financial and non-financial factors of borrowers and classifies borrowers' credit risk by thirteen ratings (1,2,3,4,5,6,7+,7,8+,8,9,10+,10). Provisions are determined by applying the following minimum percentages to each of credit ratings and loan classifications;

Credit ratings	Loan classifications	Provision percentages
1 ~ 8+	Normal	0 ~ 1.2%
8	Precautionary	2%
9	Substandard	20%
10+	Doubtful	50%
10	Estimated loss	100%

Household loans are classified based on the delinquent periods, value of collateral, and reasonably estimated collectibility.

Present Value Discounts

If the present value of a loan is significantly different from book value due to rescheduling of terms as agreed by the related parties (as in the case of court receivership, court mediation or workout), the present value discounts on the loan is offset against the allowance for possible loan losses, if available, or charged to current expense.

The difference between book value and present value is recorded as 'present value discounts' in the balance sheet and amortized to current earnings over the related period using the effective interest rate method.

Securities

The valuation methods used for the securities are summarized as follows.

	Valuation method
Marketable stocks and Beneficial certificates	Market value
Non-marketable stocks	Cost
Debt securities	Market value
Other securities	Cost

NOTES TO FINANCIAL STATEMENTS OF TRUST ACCOUNTS

December 31, 2000

Under the transition clause prescribed in Trust Supervision Act, the debt securities and other securities managed in the unspecified money trusts, established before November 15, 1998, are not valued by marking to market. Instead, the loan valuation method is applied to these securities and the related unrealized losses are charged to the allowance for possible loan losses.

The securities included in specified money trusts and property trusts are stated at cost.

Due from Banking Accounts

The trust accounts deposit certain amounts with the banking accounts for short-term cash management purposes, and account for them as due from banking accounts.

Reserve for future trust losses

The trust accounts have provided more than 25% of the trust fees as special reserve until the amount of special reserve equals 5% of invested capital for certain money trusts which provide guarantees of a principal or a minimum rate of return. For the year ended December 31, 2000, the provision for the special reserve was W3,708 million.

Dividends of trust profit to beneficiaries

The dividends calculated by the trust revenue deducted by the trust fees to the Bank and other administrative expenses are disbursed to the beneficiaries and charged to the expenses in trust operation.

Trust Fees

The trust accounts provide trust fees to the Bank for its management of trust assets and operations, and accounts for them as operating expenses. For the year ended December 31, 2000, W162,460 million of trust fees was provided and W15,910 million is accounted as accrued trust fees payable as of December 31, 2000.

3. United States Dollar Amounts :

The Bank's trust accounts operate primarily in Korean won and their official accounting records are maintained in Korean won. The U.S. dollar amounts are provided herein as supplementary information solely for the convenience of the reader. All won amounts are expressed in U.S. dollars at the rate of W1,259.7:US\$1, the base exchange rate on December 31, 2000. This presentation is not required by or in accordance with Korean or United States generally accepted accounting principles, and should not be constructed as a representation that the Won amounts shown could be converted in or settled in U.S. dollars at this or any other rate.

4. Details of Trust Funds

The details of the money trust businesses at December 31, 2000 are as follows :

Trusts	Period (Years)	Trust Terms	
		Dividend rate	Guarantee of principal repayment or minimum rate of return
General unspecified money trusts	Over 1.5	Fixed	Yes
Installment money trusts	Over 1.5	Floating	No(*)
Household money trusts	Over 1.5	"	No
Development trusts	2 and 3	Fixed	Yes
Old-age living pension trusts	Over 5	Floating	Yes
Corporation money trusts	Over 1.5	"	No(*)
Individual pension trusts	Over 15	"	Yes
Household long-term money trusts	3-5	"	No
Labor preferential trusts	3-5	"	No
New installment trusts	Over 1.5	"	No
Retirement trusts	-	"	Yes
Specified money trusts:	Over 0.25	"	No
Unit money trusts	Over 1	"	No
Open money trusts	0.25-1	"	No
Real estate investment trusts	-	"	No
New individual pension trusts	Over 15	"	Yes
New old-age pension trusts	Over 5	"	Yes
New labor preferential trusts	3-5	"	No
Testament trusts	-	"	No

(*) The principal repayment is guaranteed for customer accounts opened before April 30, 1996.

General unspecified money trusts, development trusts and some accounts of installment money trusts are subject to a guaranteed principal amount and a fixed rate of return.

NOTES TO FINANCIAL STATEMENTS OF TRUST ACCOUNTS

December 31, 2000

5. Classified Financial Statements of Trust Accounts :

The balance sheet and statement of operations of trust accounts as of December 31, 2000 are classified into principal or dividend guarantee trusts and performance trusts as follows (millions of Won) :

Classified Balance Sheets

	Millions of Won					
	Principal or Dividend Guaranteed Trusts		Performance Trusts		Total	
(Assets)						
Cash and due from banks	W	-	W	5,340	W	5,340
Securities		1,480,889		6,165,705		7,646,594
Loans		464,148		847,637		1,311,785
Call loans		-		420,000		420,000
Other assets		39,882		201,805		241,687
Due from banking accounts		516,807		285,959		802,766
(Allowance for possible loan losses)		(125,970)		(39,266)		(165,236)
Total	W	2,375,756	W	7,887,180	W	10,262,936
(Liabilities)						
Money and other trusts	W	2,208,438	W	7,570,257	W	9,778,695
Other liabilities		161,139		316,923		478,062
Reserve for future trust losses		6,179		-		6,179
Total	W	2,375,756	W	7,887,180	W	10,262,936

Classified Statement of Operations

	Millions of Won					
	Principal or Dividend Guaranteed Trusts		Performance Trusts		Total	
(Revenue)						
Interest income	W	385,415	W	789,444	W	1,174,859
Gain on securities		42,249		95,445		137,694
Other		166,651		32,703		199,354
		594,315		917,592		1,511,907
(Expense)						
Loss on securities		107,400		243,698		351,098
Trust fees to the Bank		44,286		118,174		162,460
Provision for possible loan losses		45,452		18,618		64,070
Other		18,445		18,657		37,102
		215,583		399,147		614,730
Dividends of trust profit to beneficiaries	W	378,732	W	518,445	W	897,177

6. Related Party Transactions :

The details of transactions with the banking accounts of the Bank for the year ended December 31, 2000 and related account receivables and payables as of December 31, 2000 are summarized as follows.

Account	Millions of Won	
Trust fees to the Bank	W	162,460
Interest on due from banking accounts		19,625
Due from banking accounts		802,766

7. Commitments and Contingencies :

Written-off claims of trust accounts on which the legal rights of claims have not been expired totaled W3,028 million as of December 31, 2000.

Beginning in 1997, Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices

The Korean economy is currently experiencing additional difficulties, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure Korean companies to restructure into more efficient and profitable firms. The banking industry is currently undergoing consolidations and significant uncertainty exists with regard to the availability of short-term financing during the coming year. The trust accounts of the Bank may be either directly or indirectly affected by the situation described above.

The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of trust accounts. Actual results may differ from management's current assessment.

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To the Board of Directors and Shareholders of Hana Bank

We have audited the accompanying consolidated balance sheets of Hana Bank and its subsidiaries ("the Bank") as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hana Bank and its subsidiaries as of December 31, 2000 and 1999, and the results of their operations, the changes in their equity, and their cash flows for the years then ended in accordance with financial accounting standards generally accepted in the Republic of Korea.

As discussed in note 2 to the consolidated financial statements, since 1999, the Bank changed its method of accounting and presentation for certain items in accordance with revised financial accounting standards. The accounting changes include accounting treatment for the allowance for possible loan losses, valuation of securities, valuation of receivable under troubled debt restructurings, reserve for possible losses on acceptances and guarantees, deferred taxes, prior period adjustments, and stock issuance costs.

As discussed in note 2 to the consolidated financial statements, the Bank sold entire shares of Hana Risjad Finance, the Bank's subsidiary located in Indonesia to PT. AITI Investment Co. for US\$ 2,750 thousand on February 21, 2000. Hana Risjad Finance is excluded from consolidation in the accompanying consolidated financial statements as of December 31, 2000.

Without qualifying our opinion, we draw attention to note 6 to the consolidated financial statements. The operations of the Bank have been significantly affected, and may continue to be affected for the foreseeable future, by the general adverse economic conditions in the Republic of Korea and in the Asia Pacific region. Under these adverse economic conditions, certain customers of the Bank, including Daewoo Group companies, have been or are in the process of restructuring loans with their creditor banks and certain companies of Hyundai Group are under liquidity crisis. The ultimate effect of these uncertainties on the financial position of the Bank as of December 31, 2000 can not presently be determined and accordingly, no adjustments have been made in the accompanying consolidated financial statements related to such uncertainties.

The amounts expressed in U.S. Dollars are provided solely for the convenience of the reader and have been translated on the basis set forth in note 3 to the consolidated financial statements.

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. The procedures and practices utilized to audit such financial statements may differ from those generally accepted and applied in other countries and jurisdictions. Accordingly, this report and the accompanying consolidated financial statements are not intended for use by those who are not informed about Korean accounting principles or auditing standards and their application in practice.



Seoul, Korea
January 26, 2001

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Assets				
Cash and due from banks	W 3,352,804	W 3,976,698	\$ 2,661,589	\$ 3,156,861
Trading securities	1,537,109	3,407,784	1,220,218	2,705,235
Investment securities	11,229,457	9,041,660	8,914,390	7,177,630
Loans	26,009,013	19,411,083	20,646,990	15,409,290
(Reserve for possible loan losses)	(953,975)	(909,414)	(757,304)	(721,929)
(Present value discounts)	(79,978)	(28,678)	(63,489)	(22,766)
Property, plant and equipment	650,318	604,334	516,248	479,744
(Accumulated depreciation)	(180,630)	(157,510)	(143,391)	(125,038)
Intangible assets	678	266	538	211
Guarantee deposits	312,615	308,750	248,166	245,098
Accounts receivable	213,478	16,571	169,468	13,155
Accrued income	460,835	687,506	365,829	545,770
Prepaid expenses	364,237	155,418	289,146	123,377
Deferred income tax assets	135,012	55,851	107,178	44,337
Negative goodwill	(1,212)	(879)	(962)	(698)
Other	186,908	230,949	148,374	183,336
Total assets	W 43,236,669	W 36,800,389	\$ 34,322,988	\$ 29,213,613
Liabilities, Minority Interest and Stockholders' Equity				
Deposits	W 30,375,271	W 26,620,895	\$ 24,113,099	\$ 21,132,726
Call money	375,553	132,735	298,129	105,370
Borrowings	2,700,857	2,915,204	2,144,048	2,314,205
Bonds sold on repurchase agreements	1,359,924	1,040,560	1,079,562	826,038
Bills sold	2,409,511	681,504	1,912,766	541,005
Due to Bank of Korea in foreign currencies	237,155	415,537	188,263	329,870
Debentures	1,771,066	946,930	1,405,943	751,711
Reserve for possible losses on acceptances and guarantees	40,037	53,050	31,783	42,113
Due to trust accounts	306,503	262,459	243,314	208,350
Unearned income	114,447	122,568	90,853	97,299
Accrued expenses	913,193	725,302	724,929	575,774
Account payable	212,338	19,848	168,563	15,756
Other	542,945	939,503	431,008	745,815
Total liabilities	41,358,800	34,876,095	32,832,260	27,686,032
Commitments and contingencies (Note 4)				
Minority interest	107,902	172,509	85,657	136,945
Common stock, par value : W5,000, authorized: 500 million shares, issued and outstanding: 124,363,180 shares in 2000 : 110,163,180 shares in 1999 (Note 5)	621,816	550,816	493,622	437,260
Preferred stock, par value : W5,000, non-cumulative, non-participating preferred stock authorized: 250 million shares, issued and outstanding: 67,081,000 shares in 2000 : 94,560,000 shares in 1999 (Note 5)	335,405	472,800	266,258	375,327
Capital surplus (Note 6)	424,463	339,703	336,956	269,670
Retained earnings (Note 7)	362,245	409,806	287,565	325,320
Capital adjustments	26,038	(21,340)	20,670	(16,941)
Total shareholders' equity	1,769,967	1,751,785	1,405,071	1,390,636
Total liabilities, minority interest and shareholders' equity	W 43,236,669	W 36,800,389	\$ 34,322,988	\$ 29,213,613

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2000 and 1999

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Operating revenue				
Interest income :				
Interest on due from banks	W 156,148	W 196,487	\$ 123,956	\$ 155,979
Interest on securities	1,137,554	1,092,163	903,036	867,002
Interest on loans	1,930,604	1,520,977	1,532,590	1,207,412
Other	41,451	32,602	32,906	25,881
	3,265,757	2,842,229	2,592,488	2,256,274
Commission income	290,914	274,101	230,939	217,592
Other operating income :				
Gain on disposition of trading securities	117,459	150,704	93,243	119,635
Gain on valuation of trading securities	3,181	37,099	2,525	29,451
Dividend on securities	9,220	8,904	7,319	7,068
Gain on foreign currency trading	194,892	107,938	154,713	85,685
Fees from trust accounts	152,657	160,689	121,185	127,561
Other	182,006	94,347	144,484	74,897
	659,415	559,681	523,469	444,297
	4,216,086	3,676,011	3,346,896	2,918,163
Operating expense				
Interest expenses :				
Interest on deposits	W 1,922,563	W 1,823,063	\$ 1,526,207	\$ 1,447,220
Interest on borrowings	469,901	355,133	373,026	281,919
Interest on debentures	143,339	95,847	113,788	76,087
Other	25,740	42,594	20,433	33,813
	2,561,543	2,316,637	2,033,454	1,839,039
Commission expenses	66,720	69,119	52,965	54,869
Other operating expenses :				
Loss on disposition of trading securities	195,684	56,794	155,342	45,085
Loss on valuation of trading securities	35,812	6,960	28,429	5,525
Loss on foreign currency trading	179,498	81,605	142,493	64,781
Bad debt expense	574,571	488,529	456,117	387,814
Other	190,110	100,289	150,917	79,613
	1,175,675	734,177	933,298	582,818
General and administrative expenses	412,937	364,455	327,806	289,319
	4,216,875	3,484,388	3,347,523	2,766,045
Operating income (loss)	(789)	191,623	(627)	152,118
Non-operating income	208,105	156,772	165,202	124,452
Non-operating expenses	163,022	74,586	129,414	59,209
Ordinary income	44,294	273,809	35,161	217,361
Extraordinary gain	15,836	-	12,572	-
Extraordinary losses	868	2,755	689	2,187
Income before income taxes and consolidation adjustments	59,262	271,054	47,044	215,174
Income tax expense	23,178	67,911	18,399	53,910
Total net income before consolidation adjustments	36,084	203,143	28,645	161,264
Minority interest income	(18,313)	(58,609)	(14,538)	(46,526)
Consolidated net income (Note 8)	W 17,771	W 144,534	\$ 14,107	\$ 114,738

(Ordinary income per share : for current year : W178, for prior year W1,728
Earnings per share : for current share : W102, for prior year W1,355
Diluted ordinary income per share : for current year : W143, for prior year W922
Diluted earnings per share : for current year : W94, for prior year W737)

The accompanying notes are an integral part of the these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2000 and 1999

	Paid-in capital		Capital surplus	
	In millions of Korean Won	In thousands of U.S Dollars	In millions of Korean Won	In thousands of U.S Dollars
Balance at January 1, 1999	W 349,630	\$ 277,550	W 169,084	\$ 134,226
Issue of share in merger of Boram Bank	43,810	34,778	105,406	83,675
Issue of paid-in capital	630,176	500,259	71,048	56,401
Sales of treasury stock	-	-	246	195
Reversal of negative goodwill	-	-	(6,081)	(4,827)
Net income for 1999	-	-	-	-
Dividend	-	-	-	-
Changes in reporting entity	-	-	-	-
Cumulative effect of change in accounting principle	-	-	-	-
Prior period adjustments	-	-	-	-
Changes in capital adjustments	-	-	-	-
Changes in minority interest	-	-	-	-
Balance at December 31, 1999	1,023,616	812,587	339,703	269,670
Balance at January 1, 2000	1,023,616	812,587	339,703	269,670
Issue of paid-in capital	71,000	56,362	55,013	43,672
Extinguishment of preferred stock	(137,395)	(109,069)	-	-
Reversal of negative goodwill	-	-	29,747	23,614
Net income for 2000	-	-	-	-
Dividend	-	-	-	-
Changes in reporting entity	-	-	-	-
Cumulative effect of change in accounting principle	-	-	-	-
Changes in capital adjustments	-	-	-	-
Changes in minority interest	-	-	-	-
Balance at December 31, 2000	W 957,221	\$ 759,880	W 424,463	\$ 336,956

Retained earnings		Capital adjustments		Minority interest		Total equity	
In millions of Korean Won	In thousands of U.S Dollars	In millions of Korean Won	In thousands of U.S Dollars	In millions of Korean Won	In thousands of U.S Dollars	In millions of Korean Won	In thousands of U.S Dollars
W 352,587	\$ 279,897	W (235)	\$ (187)	W -	\$ -	W 871,066	\$ 691,486
3,223	2,558	-	-	-	-	152,439	121,011
-	-	-	-	-	-	701,224	556,660
-	-	-	-	-	-	246	195
-	-	-	-	-	-	(6,081)	(4,827)
144,534	114,738	-	-	-	-	144,534	114,738
(52,088)	(41,350)	-	-	-	-	(52,088)	(41,350)
24,024	19,071	-	-	-	-	24,024	19,071
(63,499)	(50,408)	-	-	-	-	(63,499)	(50,408)
1,025	814	-	-	-	-	1,025	814
-	-	(21,105)	(16,754)	-	-	(21,105)	(16,754)
-	-	-	-	172,509	136,945	172,509	136,945
409,806	325,320	(21,340)	(16,941)	172,509	136,945	1,924,294	1,527,581
409,806	325,320	(21,340)	(16,941)	172,509	136,945	1,924,294	1,527,581
-	-	-	-	-	-	126,013	100,034
-	-	-	-	-	-	(137,395)	(109,069)
-	-	-	-	-	-	29,747	23,614
17,771	14,107	-	-	-	-	17,771	14,107
(30,435)	(24,160)	-	-	-	-	(30,435)	(24,160)
3,472	2,756	-	-	-	-	3,472	2,756
(38,369)	(30,459)	-	-	-	-	(38,369)	(30,459)
-	-	47,378	37,611	-	-	47,378	37,611
-	-	-	-	(64,607)	(51,288)	(64,607)	(51,288)
W 362,245	\$ 287,564	W 26,038	\$ 20,670	W 107,902	\$ 85,657	W 1,877,869	\$ 1,490,727

The accompanying notes are an integral part of these statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 1999 and 2000

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Cash provided from operating activities				
Net income	W 17,771	W 144,534	\$ 14,107	\$ 114,737
Items not affecting operating cash flows :				
Depreciation and amortization	42,182	37,510	33,486	29,777
Provision for possible loan losses	574,571	488,529	456,117	387,814
Provision for severance benefits	14,462	11,792	11,480	9,361
Unrealized gain on securities, net	92,507	(24,586)	73,436	(19,517)
Gain on securities transactions, net	(66,440)	(148,397)	(52,743)	(117,803)
Reversal of provision for possible losses of acceptances and guarantees	(12,868)	(10,711)	(10,215)	(8,503)
Payment of retirement benefits	(4,374)	(2,131)	(3,472)	(1,692)
Gain on sales of loans, net	7,346	(5,438)	5,832	(4,317)
Loss on equity method	41,368	(23,547)	32,839	(18,693)
Changes in accrual basis account, net	(3,833,599)	208,996	(3,043,262)	165,908
Reversal of negative goodwill, net	(808)	(1,625)	(641)	(1,290)
Minority interest income	18,314	58,609	14,538	46,526
Other	(15,828)	933	(12,565)	742
	W (3,125,396)	W 734,468	\$ (2,481,063)	\$ 583,050
Cash flows from investing activities :				
Decrease in marketable securities	W 1,754,413	W (3,009,820)	\$ 1,392,723	\$ (2,389,315)
Decrease in investment securities	(2,032,107)	528,212	(1,613,168)	419,316
Increase in premises and equipment	(71,399)	(150,528)	(56,679)	(119,495)
Decrease in negative goodwill	1,129	-	896	-
Increase in intangible assets	(538)	(299)	(427)	(237)
Increase in leasehold deposits	(3,864)	(308,751)	(3,067)	(245,099)
Increase in accounts receivables	(197,423)	(16,571)	(156,722)	(13,155)
Sales of treasury stock	-	17	-	13
	(549,789)	(2,957,740)	(436,444)	(2,347,972)
Cash flows from financing activities:				
Increase (decrease) in borrowings	(190,807)	1,339,609	(151,470)	1,063,435
Increase in bills sold	1,728,007	468,870	1,371,760	372,208
Increase in debentures	821,119	352,207	651,837	279,596
Increase in foreign exchanges payable	51,608	13,822	40,968	10,972
Issuance of new stock for cash	126,013	228,424	100,034	181,332
Increase in securities sold under repurchase agreements	319,364	223,430	253,524	177,368
Increase (decrease) in due to Bank of Korea in foreign currencies	(178,382)	415,537	(141,607)	329,870
Increase (decrease) in call money	242,817	(98,003)	192,758	(77,799)
Increase in due to trust accounts	5,587	111,446	4,435	88,470
Increase (decrease) in accounts payables	192,491	(25,347)	152,807	(20,121)
Cash dividend	(52,088)	(27,970)	(41,350)	(22,204)
Additional investment in subsidiary	(10,631)	-	(8,439)	-
	3,055,098	3,002,025	2,425,257	2,383,127
Cash flow from change in reporting entity	(3,807)	-	(3,022)	-
Net increase (decrease) in cash	(623,894)	778,753	(495,272)	618,205
Cash and cash equivalents at beginning of the year	3,976,698	3,197,945	3,156,861	2,538,656
Cash and cash equivalents at end of the year	W 3,352,804	W 3,976,698	\$ 2,661,589	\$ 3,156,861
Cash	754,146	980,263	598,671	778,172
Foreign currencies	34,059	24,227	27,037	19,232
Due from Banks	2,052,299	2,727,152	1,629,197	2,164,922
Due from Banks in foreign currencies	512,300	245,056	406,684	194,535

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000 and 1999

1. The Consolidated Companies :

The accompanying consolidated financial statements include the banking accounts and trust accounts of Hana Bank and its controlled subsidiaries ("the Bank"). General information describing the Bank's trust accounts and its controlled subsidiaries, and equity-method investee is provided below.

Hana Bank

Hana Bank was incorporated in 1971 as Korea Investment and Finance Corporation under the Commercial Code of the Republic of Korea to provide financing services as a financial intermediary. On September 20, 1972, the Bank was granted approval by the Ministry of Finance (presently the Ministry of Finance and Economy) to operate under the short-term Financing Business Law.

On June 29, 1991, the Bank was granted approval by the Ministry of Finance to engage in banking activities and the Bank's name was changed to Hana Bank. It became a nationwide commercial bank in July 1991.

On June 29, 1998, the Bank purchased certain assets and assumed most of the liabilities of Choong-Chung Bank by the order of the Financial Supervisory Commission (see note 10). As of January 1, 1999 the Bank completed a merger with Boram Bank(see notes 11).

The Bank is engaged in the commercial banking business under the Banking Act, in the trust business under the Trust Business Act, in the foreign exchange transaction business and in other related businesses.

On June 5, 1972, the Bank listed its shares on the Korean Stock Exchange. On February 12, 1973, the Bank was registered as a foreign capital invested company under the Foreign Capital Inducement Law. The Bank's common stock and preferred stock outstanding as of December 31, 2000 are W621,816 million and W335,405 million, respectively.

In accordance with its Article of Incorporation, the Bank is authorized to issue convertible bonds and bonds with stock warrants investors other than shareholders in amounts up to W200 billion each. As of December 31, 2000 and 1999, the Bank has issued convertible bonds in the amount of W 88 billion and W 84 billion, respectively.

Trust Accounts and Controlled Subsidiaries

A summary of investment and financial information of the Bank's trust accounts and its controlled subsidiaries ("Subsidiaries") as of December 31, 2000 is as follows :

Subsidiaries	Thousand			Millions of Won				
	Number of Invested Shares	Percentage of Ownership		Total Assets	Operating Revenues	Shareholder's equity		
Trust Accounts	-	-	W	1,152,159	W	456,654	W	5,258
Hana Securities	7,949	54.77%		463,155		296,889		248,775

A summary of investment and financial information of the Bank's trust accounts and its controlled subsidiaries ("Subsidiaries") as of December 31, 1999 is as follows :

Subsidiaries	Thousand			Millions of Won				
	Number of Invested Shares	Percentage of Ownership		Total Assets	Operating Revenues	Shareholder's equity		
Trust Accounts	-	-	W	4,274,710	W	683,819	W	1,859
Hana Securities	6,913	39.68%		589,602		295,082		253,564
Hana Risjad Finance	17,500	70.00%		24,296		2,816		324

Consolidation of trust accounts include only certain money trusts which are subject to a guaranteed principal repayment or a fixed rate of return in accordance with the accounting and reporting guidelines prescribed by the banking regulatory authorities.

The details of those trusts, which are consolidated, are as follows :

Trusts	Trust Terms		
	Period (Years)	Dividend Rate	Guarantee of principal repayment
General unspecified money trusts	1.5 ~ 5	Fixed	Yes
Development trusts	2, 3	"	"
Old-age living pension trusts	over 5	Floating	"
Retirement trusts	retirement	"	"
Individual pension trusts	over 15	"	"
Employee retirement trusts	retirement	"	"

Hana Securities is included in reporting entities for consolidation as a result of a merger with Boram Bank on January 1, 1999. Hana Securities was listed in the Korea Stock Exchange as of November 25, 1986 and its capital stock issued and outstanding is W104,829 million as of December 31, 1999 and 2000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000 and 1999

Hana Risjad Finance which was included in reporting entity for consolidation as a result of a merger with Boram Bank on January 1, 1999 is a financial services company located in Indonesia and its capital stock is W4,033 million as of December 31, 1999. Hana Risjad Finance had been in the process of liquidation during 2000 and the Bank sold entire shares of the company to PT. AITI Investment Co. for US\$ 2,750 thousand on February 21, 2001. Hana Risjad Finance is excluded from consolidation in the accompanying consolidated financial statements as of December 31, 2000.

In accordance with the Financial Accounting Standards for Consolidated financial statements, Hana Research & Consulting Inc., a small-sized company of which all stocks the Bank has, is excluded from consolidation.

Investment Accounted by Equity Method

A summary of investment and financial information of Hana Research & Consulting Inc. and Hana-Allianz Investment Trust Management Co., LTD, to which equity method of accounting is applied in consolidation as of December 31, 2000, is as follows:

Subsidiaries	Number of Invested Shares	Percentage of Ownership	Millions of Won					
			Total Assets	Operating Revenues	Shareholder's equity			
Hana Research & Consulting Inc.	400	100.00(%)	W	2,075	W	1,936	W	2,001
Hana Allianz Investment Trust Management Co.	3,000	50.00(%)		29,813		75		29,771

The Bank invested W15,000 million in Hana Allianz investment trust management Co. Ltd. which was established on December 14, 2000, resulting in fifty percent ownership of the company.

Korea Merchant Banking Corporation was established on August 24, 1976 to engage in financial services and was listed in the Korea Stock Exchange as of March 29, 1994.

On November 15, 2000, Korea Merchant Bank Corporation ("KMBC"), equity investee of the Bank as of December 31, 1999, made capital reduction with no reimbursement by an order of Financial Supervisory Commission. Accordingly, the Bank charged W41,291 million of the investment to KMBC to operations loss on equity method for the year ended December 31, 2000.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Bank in the preparation of the accompanying consolidated financial statements are summarized below.

Basis of Consolidated Financial Statement Presentation

The official accounting records of the Bank are maintained in Korean Won in accordance with the relevant laws and regulations of the Republic of Korea.

The accompanying consolidated financial statements have been extracted from the Bank's Korean language consolidated financial statements that were prepared using accounting principles, procedures and reporting practices generally accepted in the Republic of Korea. These standards vary from International Accounting Standards and the accounting principles generally accepted in the country of the reader. The financial statements have been translated from Korean into English, and have been formatted in a manner different from the presentation under Korean financial statement practices. Certain supplementary information included in the Korean language statutory 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. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Korea.

The preparation of consolidated financial statements in conformity with financial accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

Accounting Changes

During 1999, the Bank changed its method of accounting and presentation for certain items in accordance with revised financial accounting standards. The accounting changes include accounting treatment for the valuation of securities, valuation of receivables under troubled debt restructurings, reserve for possible losses on guarantees and acceptances, deferred taxes, prior period adjustments, and stock issuance costs.

Recognition of Interest Income

Interest income on loans and investments is recognized on an accrual basis. However, interest income on overdue or dishonored loans is recognized on a cash basis, except for those secured and guaranteed by financial institutions. As of December 31, 2000 and 1999, accrued interest income not recognized in the financial statements were W73,596 million and W94,831 million, respectively.

Allowance for Possible Loan Losses

From 1999, the Bank adopted a method of corporate loan classification for calculating the allowance for possible loan losses by incorporating the borrowers' future debt service capacity ("Forward Looking Criteria (FLC)"). This credit rating model considers the financial and non-financial factors of borrowers and classifies borrowers' credit risk by thirteen ratings (1,2,3,4,5,6,7+,7,8+,8,9,10+,10). Provisions are determined by applying the following minimum percentages to the various credit ratings:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000 and 1999

Credit ratings	Loan classifications	Provision percentages
1 - 8+	Normal	0 - 1.2%
8	Precautionary	2%
9	Substandard	20%
10+	Doubtful	50%
10	Estimated loss	100%

Household and credit card loans are classified based on the delinquent periods, value of collateral, and reasonably estimated collectibility.

Securities

All securities are initially carried at cost including incidental expenses, determined by the moving average method.

Marketable securities held for short-term capital gain purposes are classified as trading securities. Other securities are classified as investment securities.

Trading securities

Trading securities are marketable securities held for short-term trading and carried at their market values at the balance sheet date. Unrealized gains and losses on trading securities are included in current operations.

Investment securities

Investments in marketable equity securities of non-controlled investees are carried at fair value. Temporary changes in fair value are accounted for in the capital adjustment account, a component of stockholders' equity. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in current operations up to the original book value before decline.

Investments in non-marketable equity securities of non-controlled investees are carried at cost, except for declines in the Bank's proportionate ownership of the underlying book value of the investee which are anticipated to be permanent, which are recorded in current operations. The amounts of such losses recognized for the years ended December 31, 2000 and 1999 are W39,633 and W8,203 million, respectively. Subsequent recoveries are also recorded in current operations up to the original cost of the investment.

Investments in equity securities of companies over which the Bank exerts significant control or influence (controlled investees) are recorded using the equity method. Differences between the initial purchase price and the Bank's initial proportionate ownership of the net book value of the investee are amortized over 20 years or less using the straight-line method. Under the equity method, the Bank records changes in its proportionate ownership of the book value of the investee as current operations, capital adjustments or adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee.

Premiums and discounts on debt securities are amortized over the life of the debt using the effective interest method. Investments in debt securities which the Bank has the intent and ability to hold to maturity are generally carried at cost, adjusted for the amortization of discounts or premiums (amortized cost). Declines in the fair value of debt securities which are anticipated to be permanent are recorded in current operations. The amount of such loss recognized, for the year ended December 31, 2000 and 1999, are W17,200 million and W15,041 million respectively. Subsequent recoveries are also recorded in current operations up to the amortized cost of the investment.

Other investments in debt securities are carried at fair value. Temporary differences between fair value and amortized cost are accounted for in the capital adjustment account. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Due to the sale of some of held-to maturity debt securities, the Bank reclassified W4,184,409 million of held-to maturity debt securities to available-for-sale debt securities in 2000. The Bank realized a gain on the sale of W6,379,287 million of investment debt securities during 2000. Related to this, W148,323 million and W2,813 million are included in gains and losses on disposition of investment securities, respectively.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Routine maintenance and repairs are charged to expense as incurred. Expenditures which enhance the value or extend the useful life of the facilities involved are treated as additions to premises and equipment.

Depreciation is computed using the declining-balance method (the straight-line method for buildings) over the estimated useful lives of the assets as described below.

	Estimated Useful Life-years
Buildings, structures and auxiliary facilities	50 - 60
Vehicles, furniture and fixtures	5
Structures in leased offices used for business purposes	5

Intangible Assets

Trademarks and goodwill are stated at cost, net of accumulated amortization. Goodwill and trademarks are amortized using the straight-line method over five and ten years, respectively.

Present Value Discounts

If the present value of a loan is different from the book value due to the rescheduling of terms as agreed by the related parties (as in the case of court receivership, court mediation or workout), the present value discount on the loan is offset against the allowance for possible loan losses, if available, or charged to current expenses.

The difference between book value and present value is recorded as 'present value discounts' in the balance sheet and amortized to current earnings over the related period using the effective interest rate method.

New Stock Issuance Costs and Debenture Issuance Costs

Effective January 1, 1999, pursuant to the revised financial accounting standards, new stock issuance costs and debenture issuance costs, which had been previously recorded as deferred charges are deducted from paid-in capital in excess of par value and the amounts of debenture issuance, respectively. Debenture issuance costs are amortized as interest expense over the redemption term using the effective interest rate method.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Korean Won using the exchange rate of W1,259.7:US\$1 and W1,145.40:US\$1 in effect as of December 31, 2000 and 1999, respectively. Resulting translation gain and loss are charged to current operations.

Bonds Purchased Under Resale Agreements and Bonds Sold under Repurchase Agreements

Bonds purchased under resale agreements and bonds sold under repurchase agreements are included in assets and liabilities in the accompanying consolidated balance sheet.

Accrued Severance Benefits

Directors and employees with more than one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Bank, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amounts to be paid if all eligible employees and directors were to terminate their employment as of the balance sheet date. Actual payments of severance benefits for the year ended December 31, 2000 and 1999 were W 4,319 million and W2,131 million respectively.

Reserve for Possible Losses on Acceptances and Guarantees

Acceptances and guarantees outstanding do not appear on the balance sheet, but are presented as off-balance sheet items in the notes to the financial statements.

The Bank provides a minimum provision of 20% of guaranteed amounts for companies classified as "substandard," 50% for "doubtful," and 100% for "estimated loss." The Bank records the provision as a reserve for possible losses on acceptances and guarantees in the liability section of the balance sheet.

Income Tax Expenses

Pursuant to revised financial accounting standards generally accepted in the Republic of Korea, the Bank changed its method of accounting for income tax expenses from the current income tax method to the deferred tax method in 1999.

Deferred taxes represent the tax effects of the different tax and financial account bases of assets and liabilities, and are recorded at enacted tax rates which are expected to be in effect when the temporary differences reverse. The provision for income taxes represents taxes currently payable for the year plus the change in the net deferred tax balance from the previous balance sheet date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Gain (Loss) on Prior Period Adjustments

Prior period adjustments are charged to retained earnings carried over from prior year.

Derivative Financial Instruments

Derivative financial instruments include futures, forwards and swap contracts, and are principally linked to interest rates, foreign exchange rates or equity indices.

In accordance with revised financial accounting standards related to derivatives accounting, effective January 1, 2000, the Bank recorded the fair values of rights and obligations related to derivatives contracts on the balance sheet as assets and liabilities and recognized the related gains or losses in the income statement. However, the effective portions of the unrealized gains or losses arising from "cash flow" hedge derivative financial instruments are deferred and recorded in capital adjustments

Translation of Consolidated Financial Statements of Overseas Branches

Accounts and records of the overseas branches are maintained in foreign currencies. In translating consolidated financial statements of overseas branches, the Bank applied the appropriate rate of exchange at balance sheet date.

Stock Options

The Bank applies the fair value method in calculation of fair value of stock options and allocates it over the period from the option grant date to the exercise date and charges it to operations.

Accounting for Trust Accounts

The Bank receive trust fees from the trust accounts for its management or custodian of trust assets and operations, and are entitled to receive special trust fees for certain trust accounts in accordance with relevant laws and regulations applicable to trust operations.

Principles of Consolidation

The Bank's investment account and corresponding capital accounts of subsidiaries have been eliminated in the accompanying consolidated financial statements.

All significant inter-company transactions and account balances among the consolidated companies have been eliminated in consolidation.

Investment in 20% to 50% owned company and small-sized company stipulated in financial accounting standard(except for consolidated companies) is accounted using equity method and all the inter-company transactions have been eliminated.

Certain money trust agreements provide that the Bank guarantees a principal amount of trusts or a minimum rate of return. In relation to such guarantees, the Bank's trust accounts are required to set up a special reserve, not to exceed 5% of annual revenues, until the total reserve equals 3% of the related money trust balance. If the income from trust operations is insufficient to generate the required rate of return, the deficiency may be either recovered from previously established special reserve or compensated by the Bank's banking accounts. Such compensation is accounted for as other operating expenses of the banking accounts and other income of the trust accounts, respectively, in accordance with the relevant laws and regulations applicable to the trust business. Such compensation amounts are W133,698 and W42,942 million for the year ended December 31, 2000 and 1999 respectively and these have been eliminated in consolidation of related trust accounts.

3. United States Dollar Amounts :

The Bank operates primarily in Korean Won and its official accounting records are maintained in Korean Won. The U.S. Dollar amounts are provided herein as supplementary information solely for the convenience of the reader. All Won amounts are expressed in U.S. Dollars at the rate of W1,259.7:US\$1, the base exchange rate published on December 31, 2000 and 1999 respectively. This presentation is not required by or in accordance with Korean or United States generally accepted accounting principles, and should not be construed as a representation that the Won amounts shown could be converted to or settled in U.S. Dollars at this or any other rate.

The 1999 U.S. dollar amounts, which had been previously expressed at the rate published on December 31, 1999, have been restated to reflect the exchange rate in effect on December 31, 2000.

4. Maturity of Borrowings and Debentures :

The maturities of borrowings as of December 31, 2000 is as follows (millions of Won) :

Period	Won currency Borrowings		Foreign currency Borrowings		Total
2001.1.1-2001.12.31	W	667,744	W	925,608	W 1,593,352
2002.1.1-2002.12.31		100,913		332,981	433,894
2003.1.1-2003.12.31		182,966		199,452	382,418
2004.1.1-2004.12.31		56,896		-	56,896
Thereafter		207,376		26,921	234,297
	W	1,215,895	W	1,484,962	W 2,700,857

The maturities of debentures as of December 31, 2000 is as follows (millions of Won) :

Period	Won currency Borrowings		Foreign currency Borrowings		Total
2001.1.1-2001.12.31	W	-	W	134,788	W 134,788
2002.1.1-2002.12.31		80,000		62,985	142,985
2003.1.1-2003.12.31		459,077		231,785	690,862
2004.1.1-2004.12.31		166,300		37,791	204,091
Thereafter		604,547		-	604,547
	W	1,309,924	W	467,349	W 1,777,273

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000 and 1999

5. Assets and Liabilities Denominated in Foreign Currencies:

Significant assets and liabilities denominated in foreign currencies at December 31, 2000 is as follows :

		Millions of Won	Thousand of US\$ Equivalent
Assets :			
Cash & due from banks	W	546,359	\$ 433,720
Trading securities		20,651	16,409
Investment securities		642,631	510,146
Loans		1,007,425	799,734
Other		1,743,775	1,384,279
Allowance for possible loan losses		(130,367)	(103,491)
	W	3,830,474	\$ 3,040,797
Liabilities :			
Deposits	W	1,175,439	\$ 933,110
Borrowings		1,484,962	1,178,822
Due to Bank of Korea		237,155	188,263
Debentures		467,349	371,000
Other		354,944	250,016
	W	3,719,849	\$ 2,921,211

6. Commitments and Contingencies:

Information of the amount of position and unrealized gains and losses of derivatives as of December 31, 2000 is as follows(millions of Won) :

Derivatives	Amount of Position			Unrealized gains and losses(I/S)			Unrealized gains and losses(B/S)	
	Total	Trading	Hedging	Total	Trading	Hedging	Assets	Liabilities
Currency								
Forward	1,209,290	276,631	932,659	(23,090)	(24,638)	1,548	29,833	50,360
Swap	101,011	-	101,011	6,014	-	6,014	6,465	306
Subtotal	1,310,301	276,631	1,033,670	(17,076)	(24,638)	7,562	36,298	50,666
Interest rate Swap	144,866	-	144,866	(4,229)	-	(4,229)	-	3,784
KOSPI 200 futures	34,350	34,350		45	45		1,198	1,153
Others	37,791	37,791	-	(309)	(309)	-	454	3,854
Total	1,527,308	348,772	1,178,536	(21,569)	(24,902)	3,333	37,950	59,457

In accordance with the revised accounting rules of accounting for derivatives during the year ended December 31, 2000, the Bank recorded derivatives transaction on the balance sheet at fair value and recorded the unrealized gains and losses in current operations.

The Bank has entered into forward exchange contracts, currency futures and interest rate swaps with KOFEX. Related to the above, the Bank recorded for the year ended December 31, 2000, W143,694 million and W96,426 million of gain and loss, respectively, on transaction of derivatives, and W7,183 million and W30,272 million of unrealized gain and unrealized loss, respectively, as other operating income(loss).

The Bank has entered into swap contracts to hedge against the risk of changes in the market interest rate and foreign exchange rate. Related to the above, the Bank recorded for the year ended December 31, 2000, W5,192 million and W808 million of gain and loss, respectively, on transaction of derivatives, and W6,374 million and W4,590 million of unrealized gain and unrealized loss, respectively, as other operating income(loss).

In the normal course of business, the Bank enters into outstanding commitments, which under the financial accounting standards in the Republic of Korea, are not reflected in the accompanying consolidated financial statements. In the opinion of management, these do not represent unusual risks of losses for the Bank. Certain commitments represent various degrees and types of risk to the Bank including credit, interest rate, foreign exchange rate, and liquidity risk. In many cases the commitments involving interest and foreign exchange result from decisions to hedge overall interest rate and foreign exchange risk.

Confirmed acceptances and guarantees as of December 31, 2000 and 1999 comprise the following :

	Millions of won			
	2000		1999	
Acceptances and guarantees in Won currency :	W	679,860	W	708,273
Acceptances and guarantees in foreign currencies :				
Acceptances for letters of credit		1,538,885		1,182,248
Letters of guarantee for importers		56,339		56,653
Guarantees on credit derivatives		31,493		28,635
Other		602,809		453,575
		2,229,526		1,721,111
	W	2,909,386	W	2,429,384

The Bank has not reported the acceptances and guarantees in the accompanying consolidated balance sheet. The Bank has, however, recorded the reserve for possible losses on the acceptances and guarantees as a liability.

A summary of other significant commitments, categorized in accordance with bank supervisory regulations is as follows:

	Millions of won			
	2000		1999	
Commercial letters of credit	W	1,290,619	W	1,234,310
Loan commitments				70
Endorsed notes		150,690		47,499

In connection with the Bank's securities agency operation, the amount of depository securities, as of December 31, 2000 and 1999 W1,958,783 and W1,660,621 million respectively.

In connection with the Bank's letter of credit guarantee for Shinhan International Corporation amounting to US\$ 3,397 thousand, Societe General, Seoul Branch has filed a lawsuit against the Bank claiming settlement. On December 11, 1998, the court determined that the Bank should pay the claim, including interest for the delayed payment period and the cost of the lawsuit. The Bank made an immediate appeal to a higher court by whose determination the Bank won the case on October 24, 2000. Societe General, Seoul Branch made a final appeal to the Supreme Court and the result of the determination cannot be estimated as of December 31, 2000.

The Bank, in relation to foreign confirmed acceptances and guarantees, has entered into credit derivatives purchase contract of W 31,493 million (US \$ 25 million) with Hans Merchant Bank as of December 31, 2000

Among the written-off claims of the Bank, the amount on which the legal rights of claims have not been expired are W 494,308 million and W284,706 million as of December 31, 2000 and 1999, respectively.

The Bank has entered into credit line commitments (W55,000 million limit) with several special purpose (asset-back securitization) companies to supply sufficient funds for the repayment of bonds issued by the companies. There is no use of the credit line as of December 31, 2000. Rationally expected annual credit amount is W13,900 million and W11,200 million in 2001 and 2002, respectively.

The Bank has entered into a commitment with Korea Asset Management Corporation ("KAMCO") to sell non-performing loans with the sales being dependent on the collection of the loans, or repurchase under certain conditions. As of December 31, 2000, the non-performing loans sold to KAMCO under the commitment are W68,680 million. The ultimate resolution of these transactions may affect the Bank's financial position, depending on the settlement or repurchase of the loans. The ultimate effect of these significant uncertainties on the settlement or repurchase of the non-performing loans as of the balance sheet date cannot presently be determined and accordingly, no adjustments have been made in the accompanying financial statements related to such uncertainties other than those adjustments disclosed in these financial statements.

Beginning in 1997, Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices. The Korean economy is currently experiencing additional difficulties, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The banking industry is currently undergoing consolidations and significant uncertainty exists with regard to the availability of short-term financing during the coming year. The Bank may be either directly or indirectly affected by the situation described above.

The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of the Bank. Actual results may differ materially from management's current assessment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000 and 1999

7. Capital stock:

On January 8, 1999, related to a P&A (Purchase of assets and Assumption of liabilities) of Choong-Chung Bank and the merger with Boram Bank, the Bank issued 94,560,000 shares of non-cumulative, non-participating preferred stock for cash at W5,000 per share to Korea Deposit Insurance Corporation ("KDIC"). Upon executing the investment contract with KDIC, the Bank has a right to purchase ("call option") these preferred stocks. As of December 31, 2000, preferred stock issued outstanding is 67,081,000 shares after the Bank exercised its call option to purchase 27,479,000 shares on January 27, 2000. The terms for the options on the remaining 44,153,000 and 22,928,000 shares are until March 27, 2002 and March 27, 2004, respectively. If the Bank does not exercise its call options, the preferred shares will be converted to common stock after the end of the option term.

On April 21, 2000, the Bank issued 14,200,000 (par value of W5,000) common shares to Allianz AG (ownership of 12.46%) at W8,900 per share. The Bank recorded W55,013 million in capital surplus after deducting W367 million of stock issuance costs from W55,380 million of additional paid-in capital in excess of par value.

During 1999 and 2000, the Bank granted stock options of 1,040,000 and 628,000 shares, respectively, to 57 members of the management. Depending on the Bank's future condition, the Bank may choose a cash benefit or the issuance of common stocks at an exercise price of W10,020 and W8,500, respectively.

8. Consolidated Earnings Per Share and Ordinary Income Per Share

Consolidated Earnings per share and ordinary income per share for the years ended December 31, 2000 and 1999 are calculated as follows :

	Korean Won	
	2000	1999
Consolidated ordinary income per share		
Consolidated ordinary Income		
after income tax expenses	W 26,970,354,630	W182,182,606,793
Dividends on Preferred stock	(5,561,700,000)	(8,023,000,000)
	21,408,654,630	174,159,606,793
Weighted average of common shares	120,056,623	100,763,739
Consolidated ordinary Income per share	W 178	W 1,728
Consolidated earnings per share		
Consolidated net Income	W 17,770,530,846	W144,533,652,872
Dividends on Preferred Stock	(5,561,700,000)	(8,023,000,000)
	12,208,830,846	136,510,652,872
Weighted average of common shares	120,056,623	100,763,739
Consolidated earnings per share	W 102	W 1,355

Diluted consolidated earning per share and ordinary income per share for the year ended December 31, 2000 and 1999 are calculated as follows :

	Korean Won	
	2000	1999
Diluted consolidated ordinary income per share		
Consolidated ordinary income		
after income tax expenses	W 26,970,354,630	W205,898,262,508
Interest expense on convertible bonds	-	4,918,632,074
	26,970,354,630	210,816,894,582
Weighted average number of common shares	188,668,355	202,803,804
Diluted consolidated ordinary income per share	W 143	W 1,040
Diluted consolidated earnings per share		
Consolidated net Income	W 17,770,530,846	W144,533,652,872
Interest expense on convertible bonds		4,918,632,074
	17,770,530,846	149,452,284,946
Weighted average number of common shares	188,668,355	202,803,804
Diluted consolidated earnings per share	W 94	W 737

9. Inter-Company Transactions:

Significant transactions between the Bank and its subsidiaries during the year ended December 31, 2000 and 1999, and related account balances at December 31, 2000 and 1999, are as follows (millions of Won):

1) 2000

Related parties	Account balances		Transactions	
Hana Securities	Loans	W 3,398	Interest income	W 123
	Deposits	14,837	Interest expenses	695
Hana Research	Deposits	307	Consulting fees	1,004
			Interest expenses	6
Hana Risjad Finance	Loans	7,528	Interest income	419
			Interest expenses	7

2) 1999

Related parties	Account balances		Transactions	
Hana Securities	Loans	3,507	Interest income	2,799
	Deposits	9,779	Interest expenses	1,201
Korea Merchant Banking Corporation		-	Interest income	12
			Interest expenses	7
Hana Risjad Finance		-	Interest income	4
			Interest expenses	60

10. Purchase of Assets and Assumption of Liabilities Contract :

The Bank has entered into a "Purchase of Assets and Assets and Assumption of Liabilities" (hereafter "P&A") contract, effective June 29, 1998, to purchase certain assets and assume most of the liabilities of Choong-Chung Bank which ceased operations as of June 29, 1998 by the order of the Financial Supervisory Commission.

According to the P&A contract, only the performing assets were purchased by the Bank and all non-performing assets were transferred to the Korea Asset Management Corporation ("KAMCO"). Any future economic loss arising from the non-performing assets will be absorbed according to the P&A contract and the subscription agreement with Korea Deposit Insurance Corporation.

On March 31, June 30, and September 30, 1999, put options were executed according to the P&A arrangement. As a consequence of the put options, the Bank received cash and securities of W388,045 million from KDIC and KAMCO.

11. Business combination:

On January 1, 1999, the Bank merged with Boram Bank, whose business is similar to that of Hana Bank. The Bank issued 8,761,986 shares of common stock in exchange for all of the issued and outstanding shares of Boram Bank. The exchange rate was 0.2549 share and 0.1485 share of the Bank's common stock for each share of Boram Bank's common stock and preferred stock, respectively.

12. Reclassification of Financial Statements at December 31, 1999 :

Certain account in the financial statements at December 31, 1999 have been reclassified to conform to the 2000 presentation. These reclassification had no effect on previously reported net income or stockholders' equity.

13. Subsequent events :

On January 30 2001, the Bank has purchased 27,479,000 shares, at W 5,000 (par value) per share, of its redeemable preferred stock which had been issued and outstanding with the subscription agreements between the Bank and KDIC (see note 7). The stocks are recorded as treasury stocks in capital adjustment.

SUBSIDIARIES

Hana Securities Co., Ltd.

Hana Securities is a subsidiary, with the Bank holding a 44.96% equity stake(As of the end of 2000) including preferred stocks. The amount of paid-in capital stands at 104.8 billion won as of the end of 2000. It is mainly engaged in the following businesses:

- 1) Transactions of treasury stocks
- 2) Acceptance and consignment

Address: Hana Securities Bldg., 9th Fl. 23-3 Youido-dong, Yeongdungpo-gu, Seoul , Korea

Hana Research & Institute.

First established as the Korea Investment & Economic Research Institute on July 3, 1990, Hana Research & Consulting took on its current name on July 1, 1992 and is one of the Bank's wholly-owned subsidiaries. Its amount of paid-in capital stands at 2 billion won as of the end of 2000. It is mainly engaged in the following businesses:

- 1) Survey and analysis of the economy, various industries, and domestic and overseas financing
- 2) Publication and sales of data and books pertaining to the above

Address: Hana Securities Bldg., 9th Fl. 23-3 Youido-dong, Yeongdungpo-gu, Seoul , Korea

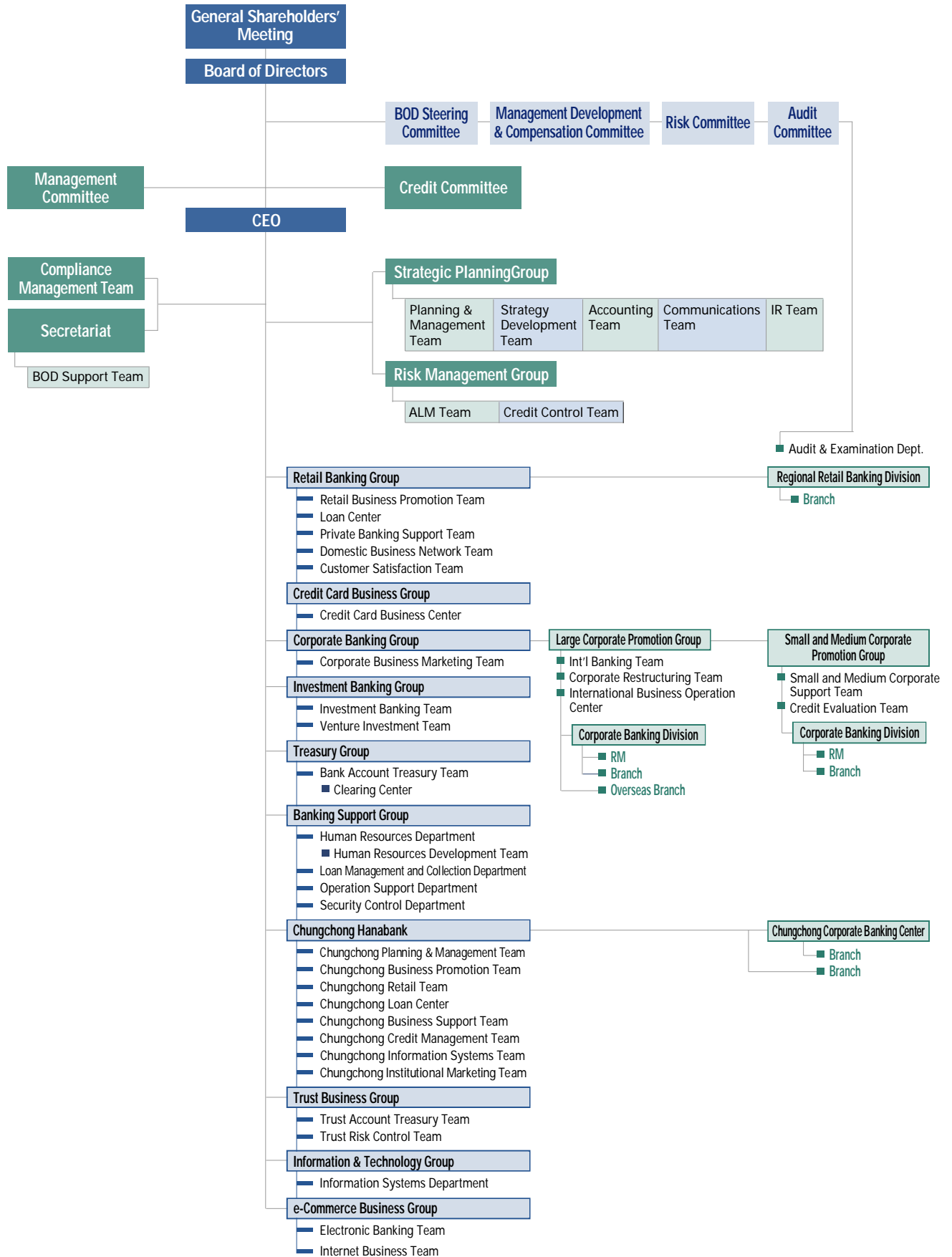
Hana Allianz Investment Trust Management Corporation.

Hana-Allianz ITMC is a subsidiary , with the Bank holding a 50% equity stake. The amount of paid-in capital stands at 30 billion won as of the end of 2000. It is mainly engaged in the following business :

Beneficiary Certificates & Mutual Fund Management .

Address : Hana Securities Bldg, 11th Fl. 23-3 Youido-dong, Yeongdungpo-gu, Seoul. Korea

ORGANIZATION CHART



BOARD OF DIRECTORS

Jin-Suk Chun (r)

Deputy President
Chungchong Hana Bank

DR. Bernd Gutting (r) (s)

CEO & MD
Allianz Asset Management Asia Pacific

Roy A. Karaoglan, Ph.D (r)

Consultant
International Finance Corporation

E. Han Kim, Ph.D (r)

Fred M. Taylor Professor of Business Administration
University of Michigan

Jae-Chul Kim (c)

Chairman, Dongwon Industries Co.
Chairman, Korea International Trade Association

Jong-Yeol Kim

Deputy President
Retail Banking & Credit Card Business
Hana Bank

Joo-Song Kim (a) (s)

President
Restructuring Committee
Kolon Corporation

Seung-Yu Kim (r) (s)

Chairman & CEO
Hana Bank

Young-Ki Kim (a)

Standing Member of Audit Committee
Hana Bank

Moon-Ho Lee (a)

Vice Chairman & CEO
LG Academy

Sang-Bin Lee, Ph.D (r)

Professor of Finance
Han-Yang University
Vice-Chairman, Korea Securities Association

Yong-Maan Park (c)

President
Doosan Corporation

Kun-Rae Sohn (s)

Vice Chairman
DongBu Inc.

K.Joe Song (r)

Deputy President & CIO
Hana Bank

Sang-Hyun Song, J.S.D. (a) (s)

Professor of Law, Seoul National University
Chairman, The Korea Law Professors Association Inc.

Sang-Ki Woo (c)

Chairman & CEO
Sindoricoh Corporation

Sang-Boo Yoo (c)

Chairman & CEO, Pohang Iron & Steel Co. Ltd.
Vice Chairman, Federation of Korean Industries
Vice Chairman, Korea-Japan Economic Association
Member, Steering Committee, Korea-US Business Council

Kyo-Joong Yoon (s)

Senior Deputy President & COO
Hana Bank

- | |
|--|
| <p>(a) Member of Audit Committee</p> <p>(c) Member of Management Development
& Compensation Committee</p> <p>(r) Risk Committee</p> <p>(s) Member of Board of Directors Steering Committee</p> |
|--|

EXECUTIVE OFFICERS

STRATEGIC PLANNING GROUP

Chong-Suk Choi
Senior Executive Vice President & CFO
Group Head of Strategic Planning Group

Yong-Gwan Kang
General Manager
Communication Team

Byoung-Ho Kim
General Manager
Planning & Management Team, IR Team

Gyeong-Hoi Koo
General Manager
Accounting Team

Tae-Gyun Kwon
General Manager
Strategy Development Team

RISK MANAGEMENT GROUP

Dal-Yong Lee
Senior Executive Vice President & CRO

Jeong-Ho Suh, Ph.D
Executive Vice President &
Group Head of Risk Management Group

Tae-Young Li
General Manager
Asset & Liability Management Team

Young-Kii Park
General Manager
Credit Control Team

RETAIL BANKING GROUP

Jung-Tae Kim
Senior Executive Vice President &
Group Head of Retail Banking Group

Won-Pyo Hong
Regional Head
Kang-Nam Regional Retail Banking Division

Sun-Woo Kang
Regional Head
Seocho Regional Retail Banking Division

Joon-Ho Kim
Regional Head
Kang-Seo Regional Retail Banking Division

Sam-Deuk Kim
Regional Head
Young-Nam Regional Retail Banking
Division

Sung-Soo Lee
Regional Head
Ho-Nam Regional Retail Banking Division

Byong-Kap Yoon
Regional Head
Kang-Buk Regional Retail Banking Division

Hae-Boong Jeong
General Manager
Domestic Business Network Team

Hee-Cheol Kim
General Manager
Private Banking Support Team

Tae-Oh Kim
General Manager
Retail Business Marketing Team

Yong-Jae Kim
General Manager
Customer Satisfaction Team

Chong-O Lim
General Manager
Loan Center

CREDIT CARD BUSINESS GROUP

Hyung-Soo Kim
General Manager
Credit Card Business Center

CORPORATE BANKING GROUP

Hoon-Kyu Kim
Senior Executive Vice President &
Group Head of Corporate Banking Group

Hee-Dae Kim
Executive Vice President &
Group Head of Large Corporate Promotion
Group

Hee-Won Shim
Executive Vice President & Regional Group
Head
Regional SME Banking Division II

Bo-Sik Jun
Regional Head
Regional Large Corporate Banking
Division II

Hyo-Joo Kang
Regional Head
Institutional Marketing Division

Kang, M. Lee
Regional Head
Regional Large Corporate Banking
Division I

Yeon-Sik Moon
Regional Head
Regional SME Banking Division I

Chang-Sup Rhim
Regional Head
Kyung-In Corporate Banking Division

In-Bok Chang
General Manager
Credit Evaluation Team

Kyu-Tae Han
General Manager
International Banking Team

Jong-Yo Kim
General Manager
SME Corporate Support Team

Nam-Yong Lee
General Manager
Corporate Restructuring Team

Seo-Ki Lee
General Manager
International Business Operating Center

Yong-Seung Yang

General Manager
Corporate Business Marketing Team

INVESTMENT BANKING GROUP

Woong-il (Francis) Lee
Senior Executive Vice President &
Group Head of Investment Banking Group

Boo-Seong Lee
General Manager
Venture Investment Team

Brian B. W. Soh
General Manager
Investment Banking Team

TREASURY GROUP

Jin-Sung Kim
Group Head
Treasury Group

Young-Seok Cho
General Manager
Bank Account Treasury Team

BANKING SUPPORT GROUP

Sung-Yoon Song
Senior Executive Vice President &
Group Head of Banking Support Group

Kyoung-Ho Cho
General Manager
Human Resources Department

Young-Woo Joo
General Manager
Loan Management and Collection
Department

Yong-Sun Kim
General Manager
Operation Support Department

Jin-Tae Lee
General Manager
Security Control Department

Young-Ho Lim
General Manager
Human Resources Department Team

CHUNGCHONG HANABANK

Sung-Ho Choi
Senior Executive Vice President &
Group Head of Chungchong Hanabank
Group

Choon Jung
General Manager
Chungchong Planning & Management
Team

Moo-Young Jung
General Manager
Chungchong IT Team

Byung-Hwan Lee
General Manager
Chungchong Loan Center

Chang-Goo Park
General Manager

Chungchong Institutional Marketing Team
Jong-Deok Park
General Manager
Chungchong Business Promotion Team
& Chungchong Retail Team

Dong-Jin Yang
General Manager
Chungchong Business Support Team
Sang-Jong Yoo
General Manager
Chungchong Credit Management Team
Trust Risk Control Team

Ji-Ho Yun
General Manager
Chungchong Corporate Banking Center

TRUST BUSINESS GROUP

Michael Jeung Sae Lee
Group Head
Trust Business Group

Moon-Hwan Bae
General Manager
Trust Account Treasury Team

Jin-Hyeong Lee
General Manager
Trust Risk Control Team

INFORMATION AND TECHNOLOGY GROUP

In-Sung Kang
Group Head
Information and Technology Group

E-COMMERCE BUSINESS GROUP

Hwa-Soo Lee
General Manager
Internet Business Team

Ho-Joon Moon
General Manager
Electronic Banking Team
Compliance Management Team

COMPLIANCE MANAGEMENT TEAM

In-Suk Park
Compliance Officer

Byung-Hoon Chung, Lawyer
General Manager
Compliance Management Team

AUDIT AND EXAMINATION DEPARTMENT

Jin-Ho Chu
General Manager
Audit and Examination Department

SECRETARIAT

Hyun-Joo Lee
General Manager
Secretariat

SHAREHOLDERS INFORMATION

Share Data (As of Dec.31,2000)				(In share,Won)	
Type	Number of Authorized Shares	Number of Issued Shares	Par value		
Registered Common Share	500,000,000	124,363,180	W5,000		
Registered Preferred Share**		67,081,000	W5,000		
Total	500,000,000	191,444,180			
* Stock options for 1,668 thousand common shares are outstanding as of Dec 31,2000					
* Convertible bonds of US \$30,000,000 and W49.998 million are outstanding as of Dec 31,2000 which are equivalent to 6,774,708 and 2,548,837 common shares respectively, if fully converted.					
** Preferred shares are scheduled to be redeemed according to the redemption schedule by Jan 2004 (please refer to page 32 for details)					

Share Data Trend (In billions of Won,Won,times)					
	1996	1997	1998	1999	2000
Net Income	44.5	43.5	110.8	144.3	20.5
Dividend	10.7	18.7	28.0	52.1	30.4
(Cash-Won)	225	400	400	400	200
(Stock-Shares)	0.04	-	-	-	-
EPS	1,756	1,178	1,790	1,353	124
BPS	17,762	14,856	12,346	11,735	11,442
Share Price(High)	17,700	12,700	14,500	19,500	11,800
Share Price(Low)	9,900	5,050	3,450	8,000	4,320
PER BAND	5.6~9.6	4.3~10.8	1.9~8.1	5.9~14.4	34.8~95.2
Market Average PER	19.4	19.3	12.6	30.4	21.0
* As of December 31,2000 fully diluted EPS is W 130					

Major Shareholders (As of Dec 31,2000)					
Name	Number of Owned Shares	Ratio(%)	Name	Number of Owned Shares	Ratio(%)
Allianz AG	15,493,778	12.46%	Samsung	3,428,489	2.76%
Kolon	7,639,305	6.14%	National Pension Fund	3,200,000	2.57%
Sindoricoh Corp.	6,759,982	5.44%	The Great	2,491,430	2.00%
Dongwon	6,419,179	5.16%	CITIBANK.N.A.	2,163,086	1.74%
Doosan	4,839,505	3.89%	Hyosung	1,941,108	1.56%
Pohang Iron & Steel Co. Ltd.	4,440,000	3.57%	MATHEWS INT'L FUND	1,594,999	1.28%
Dong Bu	4,005,773	3.22%	LG	1,428,108	1.15%
International Finance Co.	3,464,751	2.79%	Hyundai	1,312,080	1.06%

Other	For general information or other inquiries
Number of shares owned by foreign investors : 40,004,878(32.17%)	Tel : (82-2)2002-1111
Number of shareholders : 34,470	E-mail address : webmaster@hanabank.com
Tel : (82-2)2002-1856,1857	Vist our Homepage.
For Investment Banking	Independent Auditor
Investment Banking Group	Samil Accounting Corporation
Tel : (82-2)2002-1489	(The Korean member firm of
Fax : (82-2)773-2653	PricewaterhouseCoopers)
E-mail address : bbsoh@hanabank.com	191 Hangangro 2-ga, Yongsan-ku, Seoul 140-702,
	Korea

CORPORATE DATA

Head Of fice

101-1, Ulchiro 1-ka, Chung-ku, Seoul 100-191, Korea
Tel:(82-2) 2002-1601 Fax: (82-2)774-4543
Telex:K25914 SWIFT:HNBNKRSE Reuter Code:HNBH
<http://www.hanabank.com>

Established

June 25, 1971

Network

286 domestic branches and 3 overseas branches

Number of Employees

3,265

Overseas Branches

Hana Bank Hong Kong Branch

Hana Bank
64A Bank of China Tower, 1 Garden Road, Central, Hong Kong
Tel : 852-2522-3646

Hana Bank Singapore Branch

Hana Bank
PWC Building #23-6 8 Cross Street Singapore 048424
Tel : 65-438-4100

Hana Bank Shanghai Branch

Room 3302-3303, Bank of China Tower 200Yin Cheng Road Central,
Pudong New Area, Shanghai 200120 P.R.C
Tel : 86-21-5037-2121

Stock Listing

Korea Stock Exchange : Common Stock
London Stock Exchange : Global Depository Receipts

Transfer Agent and Registrar

Korea Securities Depository 33, Yoido-dong, Youngdeungpo-ku, Seoul, Korea

GDR Depository

Citibank, N.A 111 Wall Street 5th Floor, New York, N.Y. 10043.

Investor Relations

Any shareholders wishing to receive detail information on Hana Bank
Please request to; IR Team, Strategic Planning Group
HanaBank: HanaBank Building 101-1, Ulchiro 1-ka, Chung-ku, Seoul 100-191, Korea

<http://www.hanabank.com>

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