

Fourth Quarter 2008 Earnings Release

February 12, 2009

Disclaimer

- The operating results presented herein have not yet received a complete and full review by external auditor and Board of Directors, which may be subject to change in the due course of further process.
- This document contains certain financial information and results of operation, and may also contain projections, plans, strategies, and objectives of the Industrial Bank of Korea ("IBK"), that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements are subject to risks and uncertainties that may cause actual events and IBK's further results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by IBK, or indicated by any such forward looking statements, will be achieved.



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I . Financial Highlights

Financial Highlights

Profitability

- Net income marked W767bn, down by 14.9% YoY (excl. gains on LG card share disposal)
- NIM remained stable at 2.52%, down by 1bp YoY
- Interest income increased 13.7% YoY to W3,232bn (IEA grew W14.9tr YoY)

Growth

- Posted balanced growth between total loans & deposits (+15.5%, +14.0% YoY, respectively)
- SME loans grew 14.5%(+W9.9tr)YoY, recording 17.8% market share
- Total deposits increased 14.0%(+W11.4tr) YoY, core deposits grew 8.8%(+W1.1tr) YoY

Asset Quality

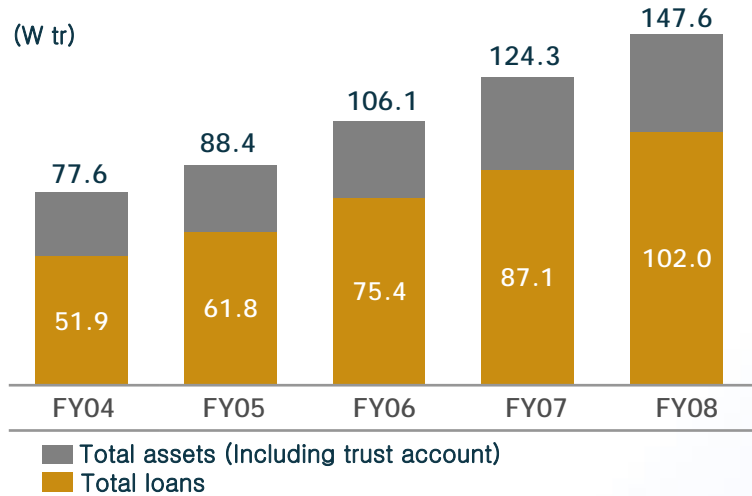
- Total delinquency ratio stood at 0.85% (Corporate 0.96%, Household 0.31%)
- Precautionary ratio recorded 2.51%, Substandard & Below ratio was 1.43%
- Exposure to economically sensitive industries declined (construction 6.7% → 5.9%)

Productivity

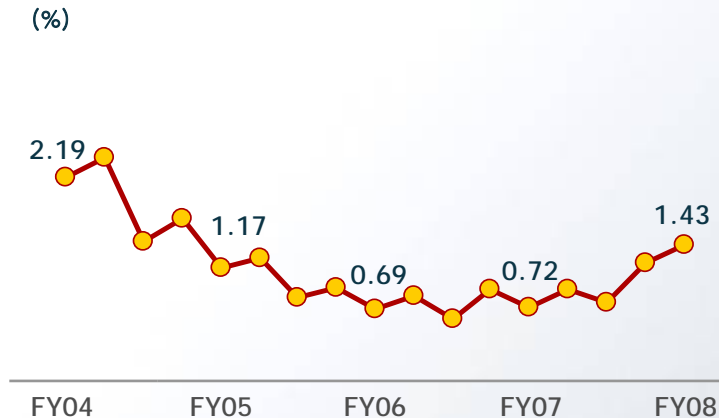
- Maintained stable C/I ratio at 36.9% (50bp down QoQ)
- Continue to implement cost saving measures (e.g. budget reduction, energy conservation) (4Q SG&A expenses stood at W335.6bn, 1.4% down QoQ)

Financial Highlights

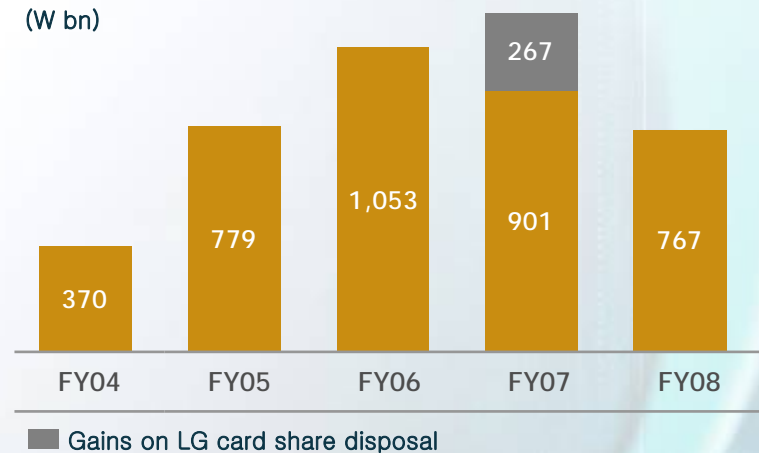
Total Assets



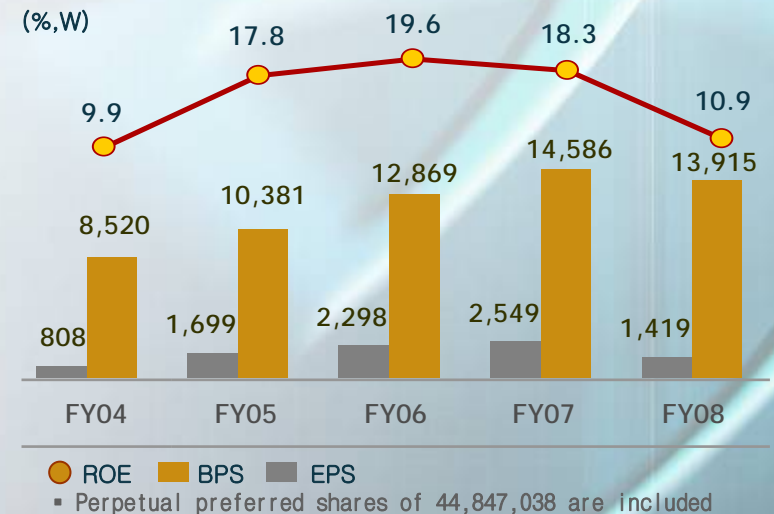
Substandard & Below ratio



Net Income



Shareholder Value

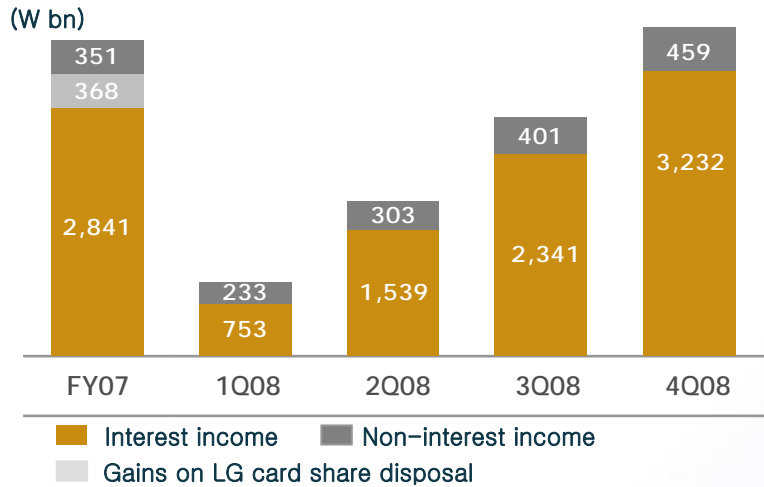


II . Profitability

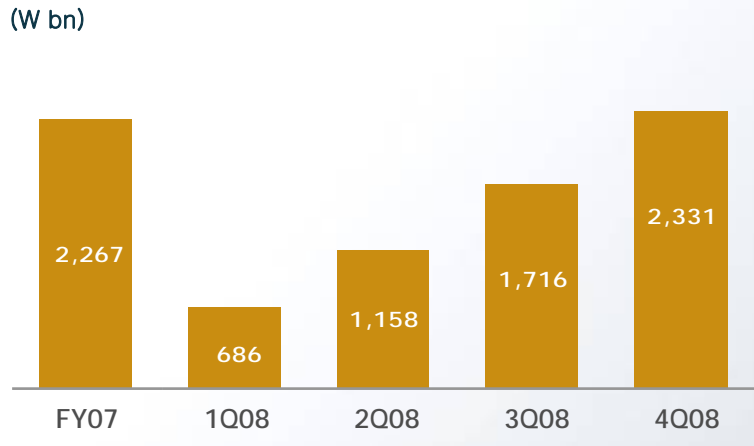
1. Income Statement
2. Net Interest Income
3. Net Non Interest Income
4. SG&A Expenses & Non-operating Income

Income Statement

Interest/Non interest Income (YTD)



Pre-provisioning OI (YTD)



(W tr)	4Q08	QoQ	3Q08	FY08	YoY	FY07
Net Interest Income	891.5	11.2%	801.5	3,232.0	13.7%	2,841.5
Net Non-Interest Income	58.3	-40.0%	97.2	458.9	-36.2%	718.9 ¹⁾
SG&A Expenses	335.6	-1.4%	340.5	1,360.3	5.2%	1,293.1
Pre-provisioning operating income	614.2	10.0%	558.2	2,330.6	2.8%	2,267.4
Net Provisioning ²⁾	539.5	51.0%	357.4	1,237.7	73.9%	711.8
Operating Income	74.7	-62.8%	200.8	1,093.0	-29.7%	1,555.5
Non-operating Income	-9.3	-190.6%	-3.2	4.9	-90.7%	52.6
Pre-tax Income	65.3	-67.0%	197.6	1,097.8	-31.7%	1,608.1
Income Tax	49.9	-6.4%	53.3	330.8	-24.9%	440.2
Net Income	15.4	-89.3%	144.3	767.0	-34.3%	1,167.9

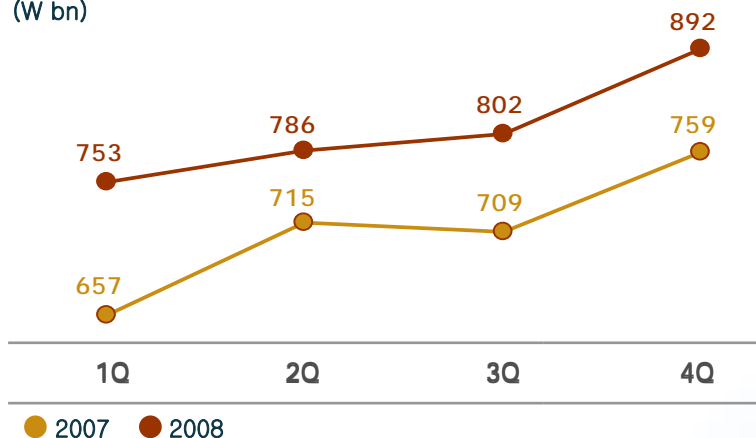
1) Including gains on LG card share disposal of W367.7bn (net of tax W266.5bn)

2) Refer to page 10 for details of net provisioning

Net Interest Income

Net Interest Income

(W bn)



NIM

(%)



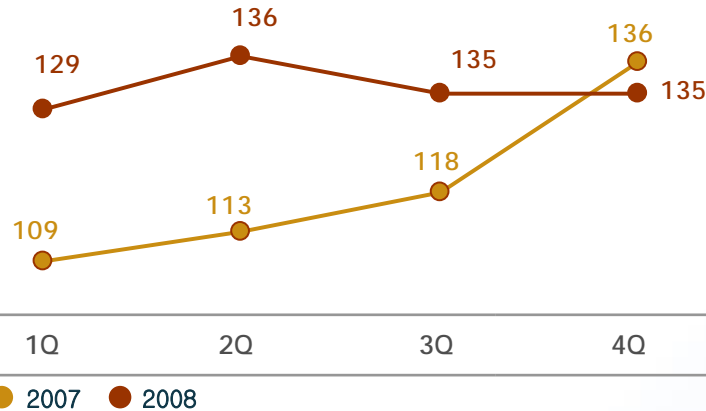
(W bn)	4Q08	QoQ	3Q08	FY08	YoY	FY07
Interest Income	2,318.8	10.3%	2,102.5	8,369.1	21.5%	6,888.9
Loans	1,816.1	8.8%	1,669.8	6,577.4	22.9%	5,350.4
Credit Card Receivables	116.9	-0.2%	117.1	482.4	10.2%	437.6
(Credit Purchase)	(96.8)	(1.3%)	(95.6)	(394.0)	(16.0%)	(339.7)
Securities	269.1	8.0%	249.2	996.0	15.7%	860.8
Other Loans, Dues, etc	116.7	75.8%	66.4	313.3	30.5%	240.0
Interest Expenses	1,427.2	9.7%	1,301.0	5,137.1	26.9%	4,047.4
Deposits	325.0	1.7%	319.6	1,240.7	18.3%	1,048.7
SMIF Bonds, etc	1,102.2	12.3%	981.4	3,896.4	29.9%	2,998.7
Net-Interest Income	891.5	11.2%	801.5	3,232.0	13.7%	2,841.5

(%)	FY07				FY08			
(Quarterly)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
NIS	2.45	2.49	2.37	2.45	2.42	2.42	2.37	2.43
Interest Rate on Loans	6.38	6.51	6.51	6.72	6.91	6.87	6.90	7.09
Interest Rate on Deposits	3.93	4.02	4.14	4.27	4.49	4.45	4.53	4.66

Net Non-Interest Income

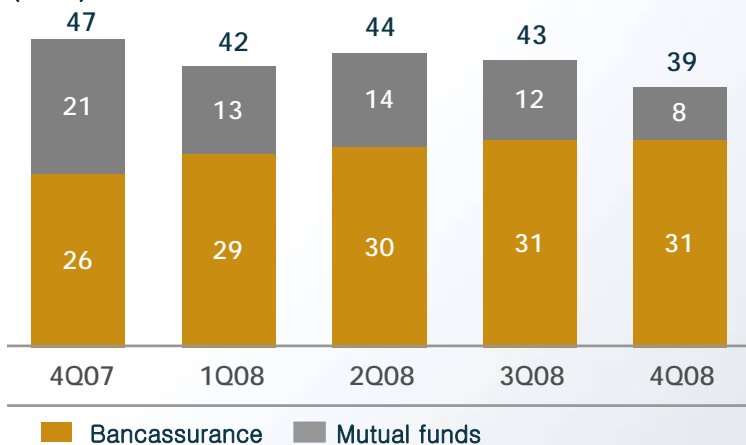
Fee Income

(W bn)



Fees on Insurance & Fund Sales

(W bn)



(W bn)	4Q08	QoQ	3Q08	FY08	YoY	FY07
Fee Income	134.7	-0.1%	134.9	534.4	12.4%	475.5
Commission in Won	48.9	4.0%	47.0	194.5	8.5%	179.3
F/X Related Fee	32.7	4.8%	31.2	119.9	15.4%	103.9
Bancassurance	30.8	0.0%	30.8	120.2	25.7%	95.6
Credit Card	13.9	-1.4%	14.1	52.7	9.1%	48.3
Fund Sales	8.5	-28.0%	11.8	47.1	-2.7%	48.4
Securities Related Gain	52.1	-	0.1	199.7	-69.3%	650.2 ¹⁾
Gain/Loss on disposal of gains	-36.0	-	0.3	-103.4	33.8%	-156.1
Others ²⁾	-96.8	-126.2%	-42.8	-193.5	27.6%	-267.2
Trust Income	4.4	-6.4%	4.7	21.7	32.3%	16.4
Net Non-Interest Income	58.3	-40.0%	97.2	458.9	-36.2%	718.9

1) Including gains on LG Card share disposal of W367.7bn (net of tax W266.5bn)

2) Contributions to Credit Guarantee Fund, Deposit Insurance Premium, Gain/Loss from FX transactions & derivatives, etc.

SG&A Expenses & Non-Operating Income

Cost Income Ratio

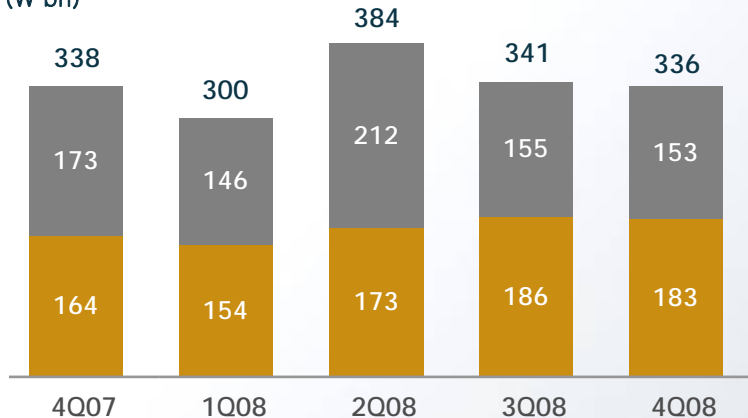
(%)



4Q07 1Q08 2Q08 3Q08 4Q08

SG&A

(W bn)



Administrative expenses Salaries + Severance pay

(W bn)	4Q08	QoQ	3Q08	FY08	YoY	FY07
SG&A Expenses	335.6	-1.4%	340.5	1,360.3	5.2%	1,293.1
Salaries	137.8	0.3%	137.4	613.6	4.1%	589.6
Administrative Expenses	183.0	-1.3%	185.5	694.6	10.2%	630.2
(Depreciation)	33.8	22.5%	27.6	109.9	3.6%	106.1
Provision for Severance Pay	14.8	-15.9%	17.6	52.1	-28.8%	73.2
Non-Operating Income	-9.3	-190.6%	-3.2	4.9	-90.7%	52.6
Equity Method Gain	-20.0	-189.9%	-6.9	-8.5	-121.5%	39.5
Other Non-operating Income	10.7	189.2%	3.7	13.4	3.1%	13.0

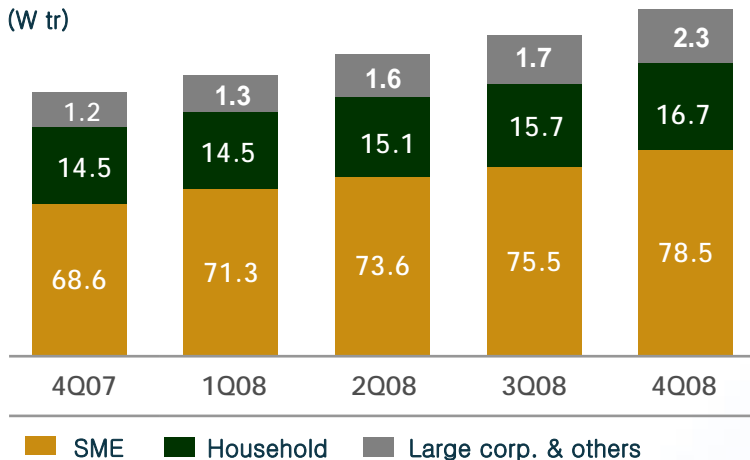
III . Loans/Deposits

1. Loan Portfolio
2. Deposit Structure

Loan Portfolio

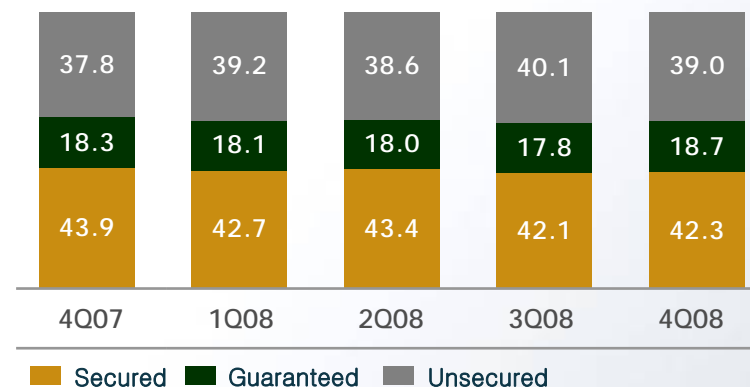
Total Loans

(W tr)



SME Collateral Status

(%)



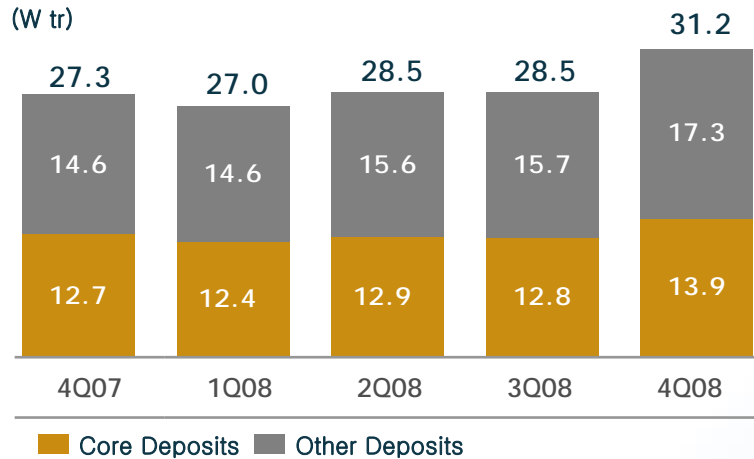
(W bn)	4Q08	QoQ	3Q08	YoY	4Q07
SME	78,501	3.9%	75,530	14.5%	68,563
Working Capital	53,431	3.2%	51,763	12.1%	47,679
Capital Expenditures	25,070	5.5%	23,768	20.0%	20,884
Household ¹⁾	16,669	6.5%	15,650	14.8%	14,517
General Household Loans	15,208	7.1%	14,205	13.9%	13,381
(Home Equity Loans)	(7,005)	(8.3%)	(6,468)	(8.5%)	(6,458)
Housing Loans	1,461	1.1%	1,445	28.6%	1,136
Large Corp.	1,893	31.7%	1,437	113.9%	885
Others	364	24.7%	292	1.4%	359
Total	97,427	4.9%	92,910	15.5%	84,324

▪ Loan portfolio mix: SME 80.6%, Household 17.1%

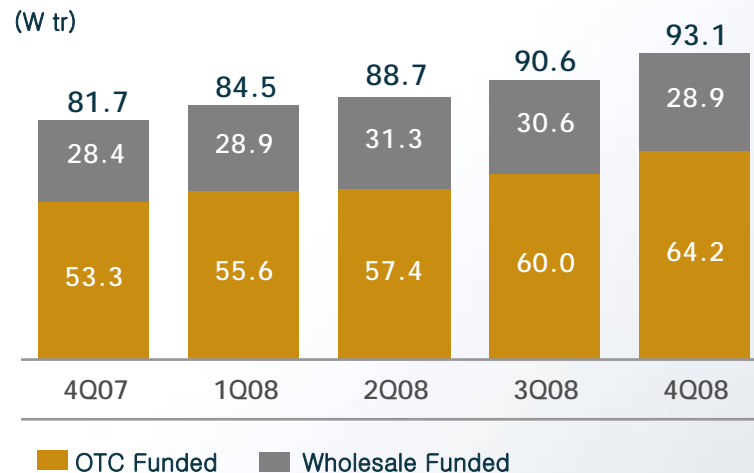
1) Including card loans

Deposit Structure

Stable Core Deposits



Sustained Growth in Deposits



(W bn)	4Q08	QoQ	3Q08	YoY	4Q07
Demand	7,797	11.3%	7,006	11.4%	7,001
Savings	23,447	9.1%	21,497	15.3%	20,331
Demand + Savings	31,244	9.6%	28,503	14.3%	27,331
CD, Cover bills, etc	11,701	-12.7%	13,402	-13.6%	13,539
SMIF Bonds	50,198	3.0%	48,714	22.9%	40,835
(Retail SMIF Bonds)	(22,438)	(12.7%)	(19,906)	(58.8%)	(14,129)
Sub Total	93,143	2.8%	90,619	14.0%	81,706
Trust ¹⁾	6,506	21.7%	5,346	1.7%	6,398
Total Deposits	99,649	3.8%	95,965	13.1%	88,104
Core Deposits²⁾	13,866	8.4%	12,797	8.8%	12,747

▪ Based on B/S monthly average balance

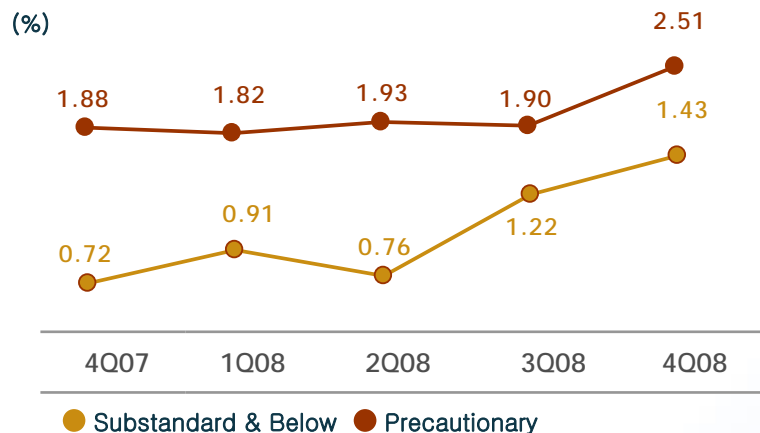
1) Money trust (excluding fund sales)

2) Core deposits: Corporate Free Savings+ Deposits+ Savings Deposits + Demand Deposits (excluding MMDA)

IV. Asset Quality

1. Asset Quality
2. Provisions
3. Delinquency Trend

S&B/ Precautionary Ratio



Coverage Ratio/ LLR



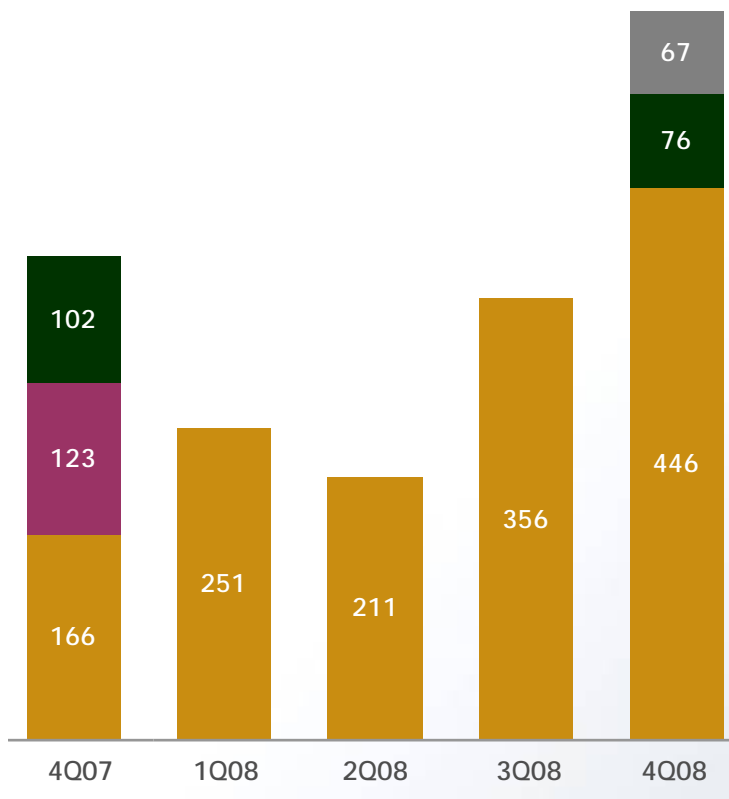
(W bn)	4Q08	QoQ	3Q08	YoY	4Q07
Normal	104,101	4.0%	100,117	16.1%	89,680
Precautionary	2,723	38.4 %	1,968	57.4 %	1,730
Substandard	977	19.7 %	816	137.9 %	411
Doubtful	225	34.7 %	167	81.3%	124
Estimated Loss	351	25.2 %	280	176.1%	127
Total	108,377	4.9%	103,348	17.7%	92,071
Substandard & Below	1,553	22.9%	1,263	134.7%	662
Substandard & Below (%)	1.43%	0.21%p	1.22%	0.71%p	0.72%
Loan Loss Reserves ¹⁾	2,009	16.5%	1,725	49.3%	1,346
Loan Loss Reserves/Substandard & Below (Coverage Ratio)	129.4%	-7.2%p	136.6%	-74.0%p	203.4%
Write-offs (quarterly)	275	180.6%	98	205.6%	90

1) Excluding reserve for unused credit line and unconfirmed acceptances & guarantees, but including reserve for bond valuation

Provisions

Provisioning

(W bn)

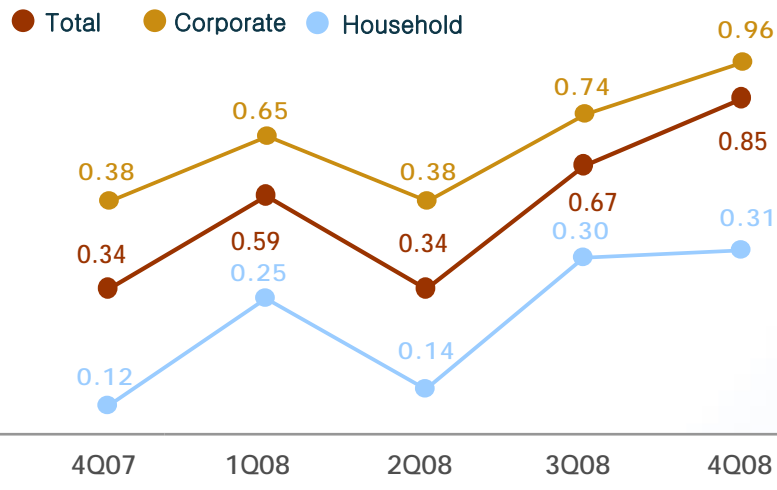


■ Ordinary
 ■ Strengthened Internal guideline
■ FSS New Guideline
 ■ Construction/Shipbuilding Restructuring

(W bn)	FY08					FY07
	4Q	3Q	2Q	1Q	Total	
Corporate	555.9	324.6	197.5	216.8	1,294.8	889.6
Provisions	545.0	313.8	204.1	215.6	1,278.5	888.1
Others (Unused credit line)	10.9	10.8	-6.6	1.2	16.3	1.5
Household	17.3	15.8	7.8	6.7	47.6	27.1
Provisions	17.4	15.6	7.7	6.5	47.2	26.7
Others (Unused credit line)	-0.1	0.2	0.1	0.2	0.4	0.4
Credit Card	15.7	15.9	5.9	27.8	65.3	29.8
Provisions	21.7	11.1	16.7	18.4	67.9	35.3
Others (Unused credit line)	-6.0	4.8	-10.8	9.4	-2.6	-5.5
Sub-total	588.8	356.3	211.2	251.3	1,407.6	946.5
Recoveries related to ABS & Other Provisions	-49.3	1.1	-125.2	3.5	-169.9	-234.7
Net Provisioning	539.5	357.4	86.0	254.8	1,237.7	711.8

Delinquency Trend

Delinquency by Operation



(%)	4Q07	1Q08	2Q08	3Q08	4Q08
Total	0.34	0.59	0.34	0.67	0.85
Corporate	0.38	0.65	0.38	0.74	0.96
Household	0.12	0.25	0.14	0.30	0.31
Credit Card (+ 1month)	1.12	1.16	1.25	1.71	1.93

▪ Principals or interests are one month past due

Delinquency by Industry



(%)	4Q07	1Q08	2Q08	3Q08	4Q08
Manufacturing	0.24	0.47	0.30	0.60	0.92
Construction	1.72	2.11	1.66	2.57	2.39
Wholesale & Retail	0.26	0.60	0.31	0.74	0.98
Lease& Rental	1.23	1.01	0.26	0.52	0.42
Lodging & Dining	0.43	0.63	0.22	0.88	1.37

▪ Principals or interests are one month past due

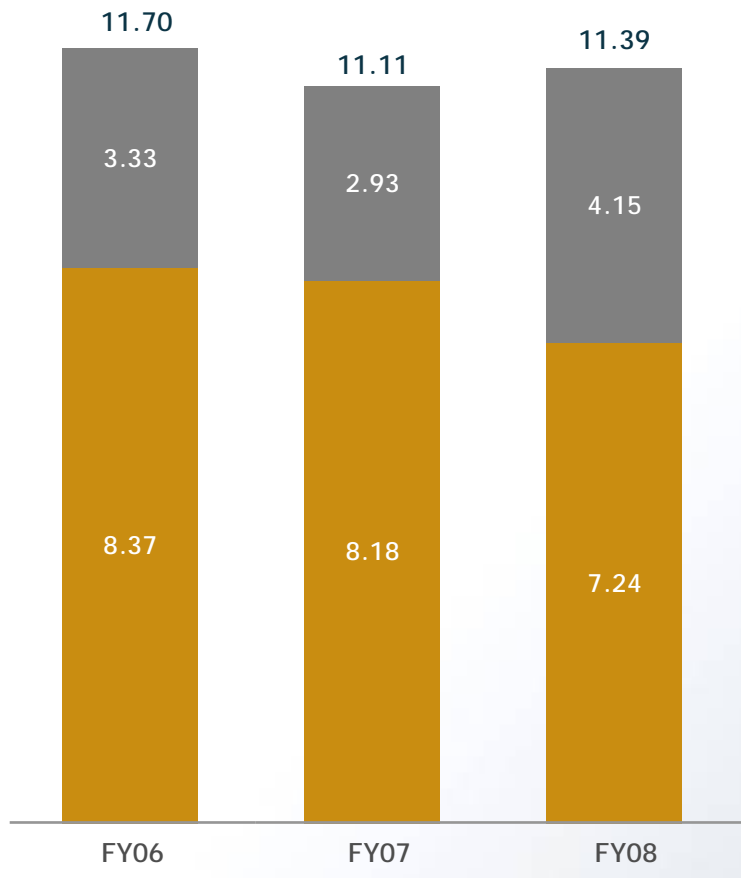
V . Capital Adequacy

The background is a dark blue gradient with a fine grid pattern. On the left, there are three concentric dashed white circles. On the right, there are glowing, translucent blue geometric shapes, including a large 'V' and a triangle, with bright light streaks and a vertical line of dots.

Capital Adequacy

BIS CAR

(%)



■ Tier I ■ Tier II

- FY06, FY07 figures are based on Basel I
- Gov. capital injection of W500bn is included in FY08

(W bn)	4Q08 (Basel II)	FY07 (Basel I)
Tier I	7,407	6,701
Paid-in Capital	2,479	2,291
Capital Surplus	133	7
Retained Earnings	4,457	3,950
Hybrid Capital	824	600
Minority Interest	152	152
Tier II	4,248	2,399
Loan Loss Reserves	1,281	1,030
45% of Gains on Valuation of Investment Securities	257	204
Subordinated Bonds	2,749	1,309
Total	11,655	9,100
Risk-Weighted Assets	102,358	81,929
BIS CAR (%)	11.39	11.11
Tier I Ratio (%)	7.24	8.18
Tier II Ratio (%)	4.15	2.93

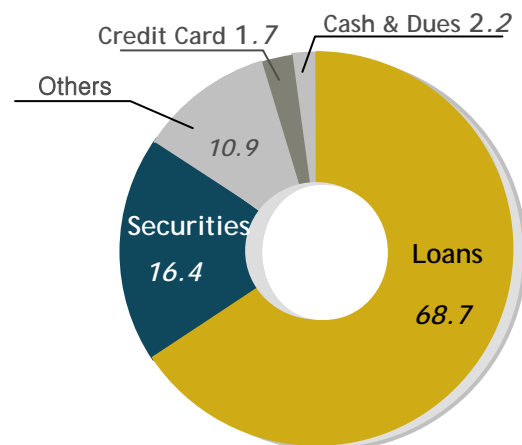
- 4Q08 numbers are all preliminary figures based on Basel II Standardized Approach

VI. Appendix

1. Funding & Operations
2. Loans by Industry
3. Recapitalization

Operations

(%)

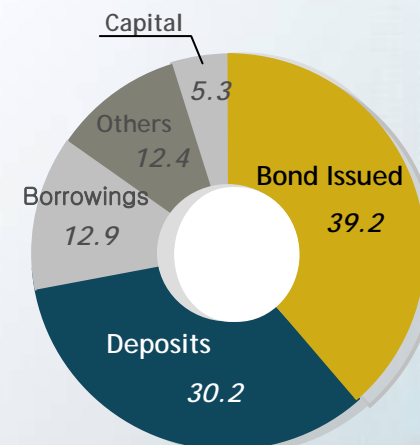


(W bn)	FY08	FY07
Loans ¹⁾	97,427	84,324
Securities	23,296	21,129
Cash & Dues	3,164	3,564
Credit Card (inc. card loans)	2,412	2,285
Fixed assets, call loans, bills bought, etc	15,488	8,003
Total	141,787	119,304

1) Loans in KRW & F/C

Funding

(%)



(W bn)	FY08	FY07
Deposits ¹⁾	42,884	41,243
Bond Issued	55,627	44,584
SMIF Bonds	50,597	40,903
(sold over the counter)	(22,439)	(14,372)
Borrowings	18,226	15,517
BOK	2,010	1,833
Gov. & Public Fund	10,991	10,794
F/C	5,205	2,890
Capital	7,523	6,684
Call Money, FC Deposits	17,528	11,276
Total	141,787	119,304

1) Deposits in KRW + CD + cover bills + RP

Loans by Industry

FY08					FY07	
(W bn)	Amount	Change(YTD)	(%)	Change(%p)	Amount	(%)
Manufacturing	50,548	6,772	64.4	0.5	43,776	63.9
Textile	2,181	-191	2.8	(0.7)	2,372	3.5
Apparel & Leather	1,459	339	1.9	0.3	1,120	1.6
Chemical Products	2,703	351	3.4	0.0	2,352	3.4
Rubber, Plastic Product	4,193	649	5.3	0.1	3,544	5.2
Basic Metals	3,418	601	4.4	0.3	2,818	4.1
Fabricated Metals	6,933	1,326	8.8	0.6	5,607	8.2
Other Machinery	9,007	1,176	11.5	0.0	7,830	11.5
Electronic Machinery	2,672	655	3.4	0.5	2,017	2.9
Communication Devices	4,280	823	5.5	0.5	3,457	5.0
Automobiles	3,933	606	5.0	0.1	3,327	4.9
Other Manufacturing	9,769	438	12.4	(1.2)	9,332	13.6
Construction	4,650	59	5.9	(0.8)	4,592	6.7
(Project Financing)	1,128	-61	1.4	(0.3)	(1,189)	(1.7)
Wholesale & Retail Trade	12,081	1,523	15.4	0.0	10,558	15.4
Lease & Rental Trade	3,621	378	4.6	(0.1)	3,243	4.7
Business Service¹⁾	930	-506	1.2	(0.9)	1,436	2.1
Others	6,670	1,711	8.5	1.3	4,959	7.2
Lodging & Dining	635	17	0.8	(0.1)	619	0.9
Transportation	975	170	1.2	0.0	806	1.2
Other Services ²⁾	5,060	1,525	6.5	1.4	3,535	5.1
Total	78,501	9,938	100.0	0.0	68,563	100.0

▪ SME loans (including F/X loans)

1) Information Processing, R&D business, Technology Services, etc.

2) Agriculture, Forestry, Fishery, Mining, Electricity/Gas/Water, Education, Government services, Financing/Insurance, etc.

Recapitalization

1. Ownership Change

	'08.12.17				Post 3 rd Round Capital Injection (W 1 trillion)			
	Common Shares	Preferred Shares	Total	O/S	Common Shares	Preferred Shares	Total	O/S
Government	233,733,575	-	233,733,575	51.0%	337,484,274	44,847,038	382,331,312	63.0 %
KDB	10,490,000	46,915,282	57,405,282	12.5 %	10,490,000	46,915,282	57,405,282	9.5 %
KEXIM	8,501,153	6,210,000	14,711,153	3.2 %	8,501,153	6,210,000	14,711,153	2.4 %
Free Float	152,426,890	-	152,426,890	33.3 %	152,426,890	-	152,426,890	25.1 %
Total	405,151,618	53,125,282	458,276,900	100%	508,902,317	97,972,320	606,874,637	100%

2. Strengthened BIS Ratio

('08.11)	Post 1 st Round Capital Injection (Dec.08)		Post 3 rd Round Cash Injection (e)	
		change		Change
10.95%	11.39%	+0.44%p	11.88	+0.93%p

* (e): estimated BIS ratio reflecting W 1trillion capital injection as of December 2008

3. Summary of Capital Injection

Date	Capital Injection		Share Issuance		
	Type	Amount (W bn)	Type	# of shares	Price (W)
1 st '08.12.18	Shinsegae	275.8	Common Shares	37,493,515	@7,355
	Korea Expressway	224.2	Preferred Shares	44,847,038	@5,000
2 nd '09.01.02	Cash	360.0	Common Shares	49,281,314	@7,305
3 rd '09.01.30	Cash	140.0	Common Shares	16,975,870	@8,247
Total		1,000.0		148,597,737	

소UP 문행에 가면, 취UP이 보인다!

대한민국 최초 중소기업전문 ^{무료} 취업포털
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기업은행

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