

2Q11 Earnings Release





Disclaimer

- 2Q11 Financial Statements have been prepared IAW K-IFRS.
- The operating results presented herein have not yet received a complete and full review by the external auditor and the Board of Directors, and 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”), which are not statements of historical facts but would be treated as forward-looking statements within the meaning of applicable laws. 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.
- Some of the totals may not sum due to the rounding.



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The background features a stylized world map in shades of blue and white. Overlaid on the map are several white, curved lines that resemble orbital paths or data flow. In the bottom left corner, there is a 3D rendering of a globe with blue and white continents, surrounded by three intersecting silver rings. A thick, dark blue wavy line runs along the bottom edge of the slide.

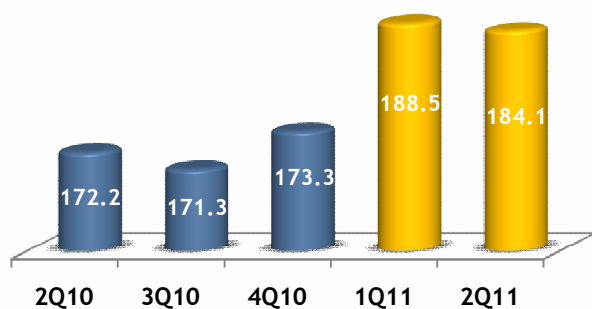
I Financial Highlights

Financial Highlights

Total Assets

(KRW tr)

■ K-IFRS Consol. ■ K-GAAP Bank

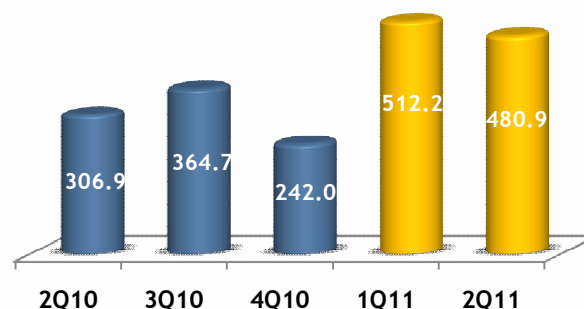


■ Trust accounts included

Net Income

(KRW bn)

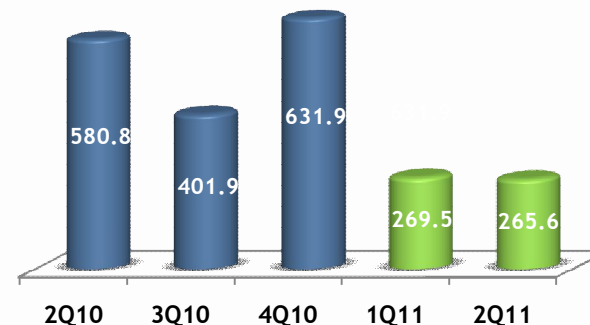
■ K-IFRS Consol. ■ K-GAAP Bank



Provisioning (Bank)

(KRW bn)

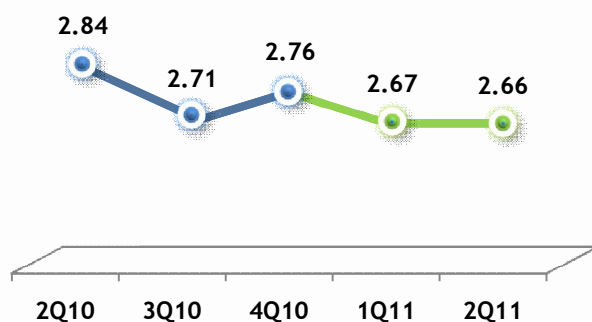
■ K-IFRS ■ K-GAAP



NIM (Bank)

(Quarterly)(%)

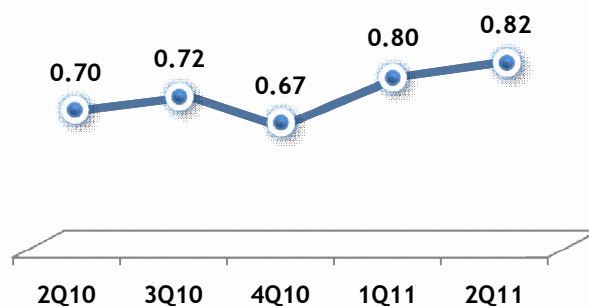
● K-IFRS ● K-GAAP



Total Delinquency (Bank)

(%)

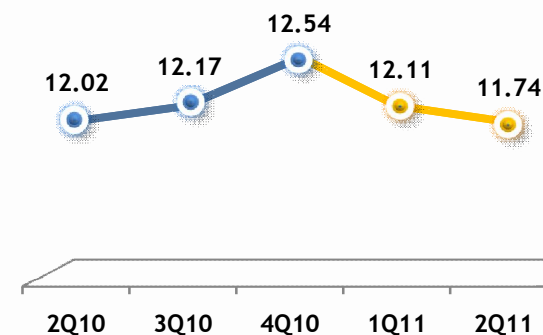
● K-IFRS ● K-GAAP



BIS CAR (Consol.)

(%)

● K-IFRS ● K-GAAP



■ 2Q11 figures are preliminary



II Profitability

- 1. Income Statement (Consolidated)**
- 2. Income Statement (Bank)**
- 3. Interest Income (Bank)**
- 4. Non-interest Income (Bank)**
- 5. SG&A Expenses (Bank)**

Income Statements (Consol.)

(KRW bn)	2Q11	QoQ	1Q11
Bank	481.8	-14.7%	564.7
Subsidiaries	50.1	74.6%	28.7
IBK Capital	23.3	294.9%	5.9
IBK Securities	-3.2	-6.7%	-3.0
IBK China	5.4	25.6%	4.3
IBK Insurance	1.1	257.1%	-0.7
IBK Asset Management & Other Subsidiaries (3)	1.4	-22.2%	1.8
ABS SPC, Funds & Others	22.1	8.3%	20.4
Adjustments for Intra-Transactions	-51.0	37.2%	-81.2
Consolidated Net Income	480.9	-6.1%	512.2

▪ K-IFRS Consol.

(KRW bn)	2Q11	QoQ	1Q11	1H11	1H10
Interest Income	1,191.0	4.3%	1,141.5	2,332.5	2,210.7
Non-interest Income	13.8	-92.2%	177.8	191.7	221.8
SG&A Expenses	427.3	20.6%	354.3	781.6	736.1
Pre-provisioning Operating Profit	777.5	-19.4%	965.0	1,742.5	1,696.4
Net Provisioning	137.0	-55.0%	304.3	441.3	570.4
Operating Income	640.6	-3.0%	660.7	1,301.3	1,126.1
Non-operating Income	-5.5	-123.7%	23.2	17.7	14.5
Pre-tax Income	635.1	-7.1%	683.8	1,319.0	1,140.5
Income Tax	154.2	-10.2%	171.7	325.9	280.1
Consolidated Net Income	480.9	-6.1%	512.2	993.1	860.4

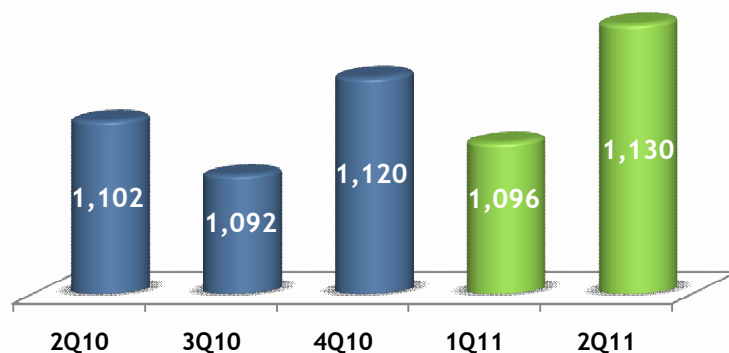
▪ K-IFRS Consol.

Income Statements (Bank)

Interest Income

(KRW bn)

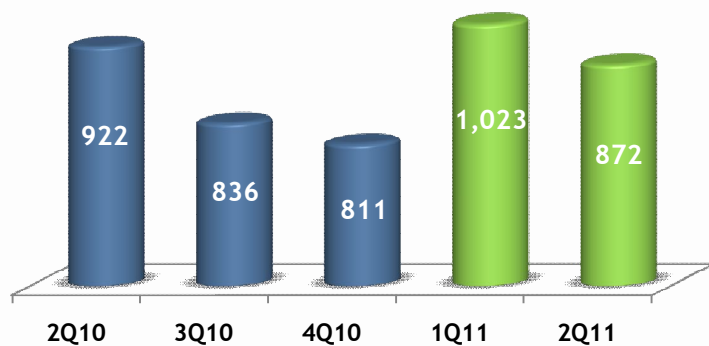
■ K-IFRS ■ K-GAAP



PPOP

(KRW bn)

■ K-IFRS ■ K-GAAP



(KRW bn)	2Q11	QoQ	1Q11	1H11	1H10
Interest Income	1,130.0	3.1%	1,095.7	2,225.7	2,145.2
Non-interest Income	135.9	-45.9%	251.2	387.1	272.5
SG&A Expenses	394.0	21.6%	324.1	718.1	671.6
Pre-provisioning Operating Profit	872.0	-14.7%	1,022.7	1,894.7	1,746.1
Net Provisioning ¹⁾	227.3	-17.3%	274.7	502.0	591.1
Operating Income	644.8	-13.8%	748.0	1,392.8	1,154.9
Non-operating Income	-5.7	-18.8%	-4.8	-10.5	0.2
Pre-tax Income	639.0	-14.0%	743.2	1,382.3	1,155.2
Income Tax	157.3	-11.9%	178.5	335.8	274.9
Net Income	481.8	-14.7%	564.7	1,046.5	880.2

1) Refer to p16 for net provisioning details

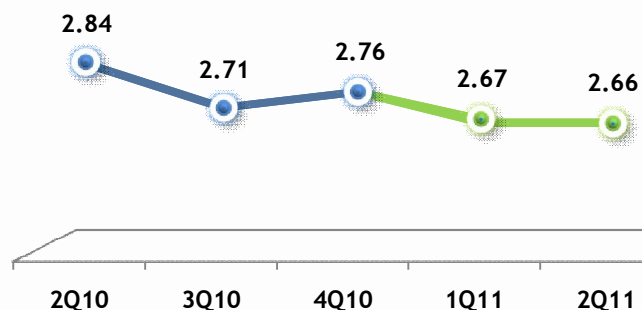
■ K-IFRS Bank

Interest Income (Bank)

NIM (Quarterly)

(%)

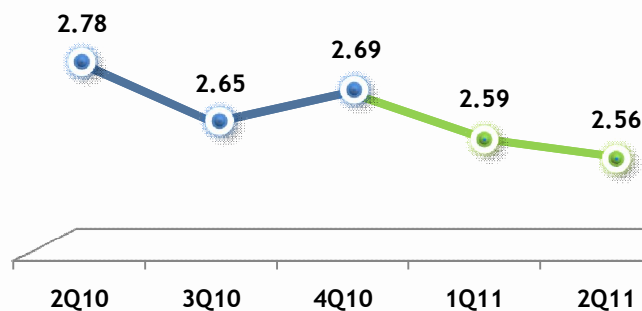
K-IFRS K-GAAP



NIS (Quarterly)

(%)

K-IFRS K-GAAP



(KRW bn)	2Q11	QoQ	1Q11	1H11	1H10
Interest Income	2,236.8	5.1%	2,128.2	4,365.0	4,237.4
Loans	1,848.7	6.8%	1,730.9	3,579.7	3,373.1
Credit Card Receivables (Credit Purchase)	108.3 (94.8)	3.9% (4.9%)	104.2 (90.4)	212.4 (185.1)	222.7 (191.8)
Securities	216.4	-5.5%	228.9	445.3	511.9
Other Loans, Dues, etc.	63.5	-1.1%	64.2	127.7	129.7
Interest Expense	1,106.8	7.2%	1,032.5	2,139.3	2,092.2
Deposits	313.0	10.6%	283.0	596.1	573.7
SMIF Bonds, etc.	793.8	5.9%	749.5	1,543.2	1,518.6
Net Interest Income	1,130.0	3.1%	1,095.7	2,225.7	2,145.2

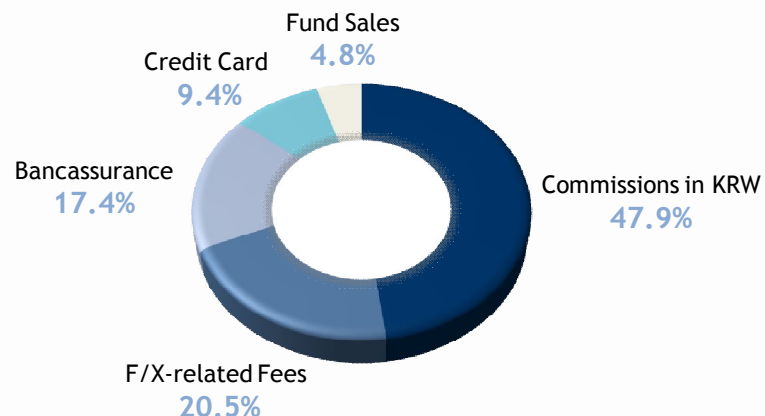
■ K-IFRS Bank

(%)	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10
NIS(Quarterly)	2.56	2.59	2.69	2.65	2.78	2.71
Yield on IEA	5.64	5.54	5.62	5.63	5.85	5.89
Yield on IBL	3.08	2.95	2.93	2.98	3.07	3.18

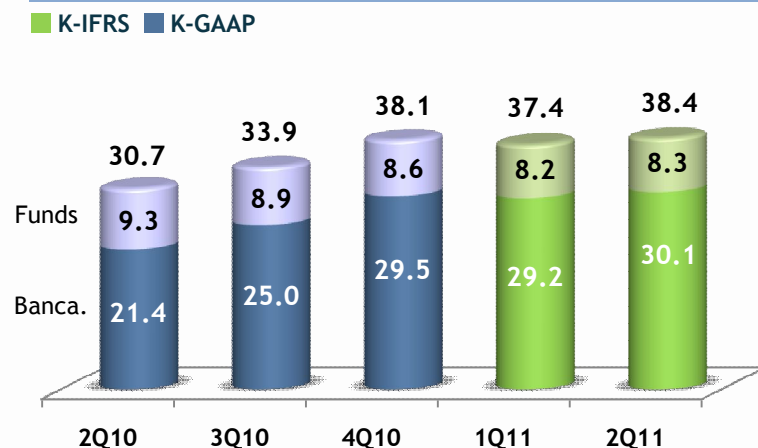
■ FY11 K-IFRS Bank, FY10 K-GAAP Bank

Non-Interest Income (Bank)

Fee Income Breakdown



Bancassurance/Fund Sales Fee (KRW bn)



(KRW bn)	2Q11	QoQ	1Q11	1H11	1H10
Fee Income	172.6	8.7%	158.8	331.4	282.7
Commissions in KRW	82.6	20.2%	68.7	151.3	125.8
F/X-related Fees	35.4	6.6%	33.2	68.6	64.4
Bancassurance	30.1	3.1%	29.2	59.3	40.2
Credit Card	16.2	-16.9%	19.5	35.7	33.5
Fund Sales	8.3	1.2%	8.2	16.5	18.9
Other Non-interest Income	-36.7	-139.7%	92.4	55.7	-10.2
Securities-related Gain	37.2	-76.9%	161.1	198.3	194.9
Gain/Loss on Loan Disposal	35.1	4.5%	33.6	68.7	13.4
Others ¹⁾	-116.7	-7.0%	-109.1	-225.8	-231.4
Trust Income	7.7	13.2%	6.8	14.5	12.9
Net Non-interest Income	135.9	-45.9%	251.2	387.1	272.5

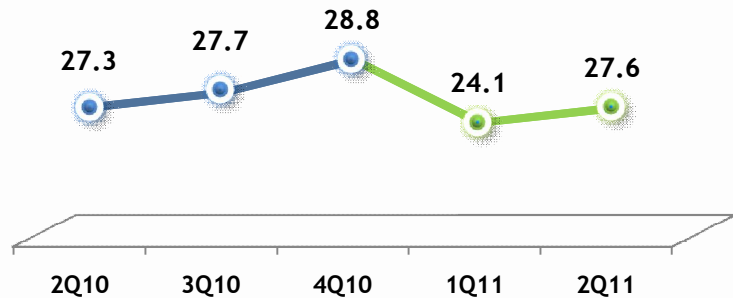
1) Contributions to Credit Guarantee Fund, Deposit Insurance Premium, Gain/Loss from F/X Transactions & Derivatives

■ K-IFRS Bank

SG&A Expenses (Bank)

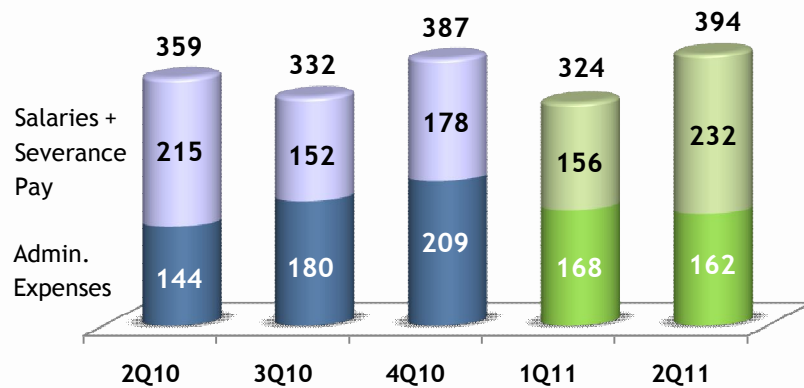
Cost to Income Ratio (%)

● K-IFRS ● K-GAAP



SG&A (KRW bn)

■ K-IFRS ■ K-GAAP



(KRW bn)	2Q11	QoQ	1Q11	1H11	1H10
SG&A Expenses	394.0	21.6%	324.1	718.1	671.6
Salaries	219.6	52.4%	144.1	363.6	343.2
Admin. Expenses	162.3	-3.5%	168.1	330.4	306.8
(Depreciation)	(21.7)	(8.5%)	(20.0)	(41.7)	(39.2)
Provisions for Severance Pay	12.1	0.8%	12.0	24.1	21.6
Non-operating Income	-5.7	-18.8%	-4.8	-10.5	0.2
Non-operating Income	7.5	11.9%	6.7	14.2	9.6
Non-operating Expenses	-13.2	-14.8%	-11.5	-24.7	-9.4

■ K-IFRS Bank



III Loans · Deposits

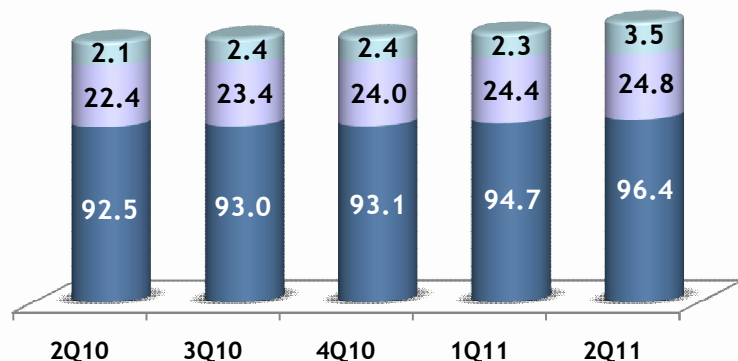
- 1. Loan Portfolio (Bank)**
- 2. Deposit Structure (Bank)**

Loan Portfolio (Bank)

Total Loans

(KRW tr)

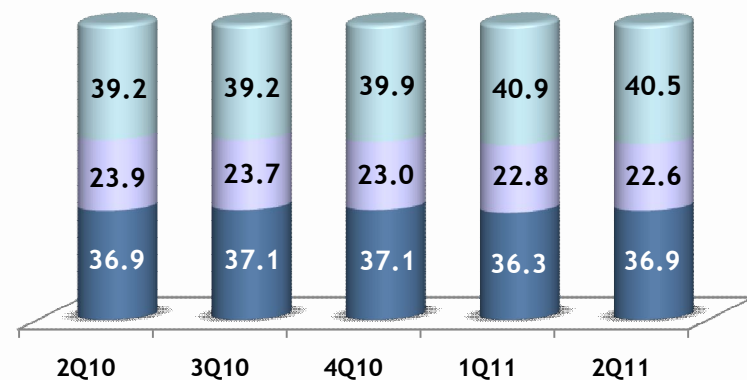
■ SME ■ Household ■ Large Corp. & Others



SME Loans by Collateral

(%)

■ Secured ■ Guaranteed ■ Unsecured



(KRW bn)	2Q11	QoQ	1Q11	YTD	FY10
SME	96,444	1.9%	94,660	3.6%	93,100
Working Capital	65,438	1.9%	64,237	4.0%	62,928
CAPEX	31,006	1.9%	30,423	2.8%	30,172
Household ¹⁾	24,843	1.8%	24,396	3.5%	24,005
General	21,387	2.5%	20,870	1.6%	21,044
(Home Equity)	(10,213)	(2.2%)	(9,992)	(0.5%)	(10,164)
Housing Loan	3,456	-2.0%	3,526	16.7%	2,961
Large Corp.	2,375	34.5%	1,766	26.2%	1,882
Others	1,046	77.9%	588	102.3%	517
Total	124,708	2.7%	121,410	4.4%	119,504

■ Loan Portfolio Mix : SME 77.3%, Household 19.9%, Large Corp. & Others 2.8%

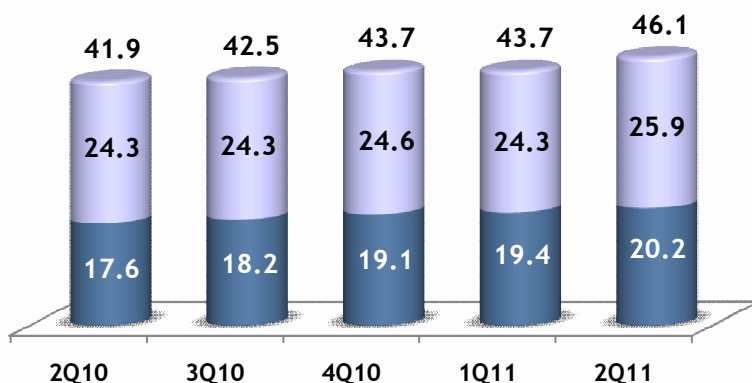
1) 48.4bn of Credit Card Loans and 766.7bn of U-Nest Loans included

Deposit Structure (Bank)

Deposits

(KRW tr)

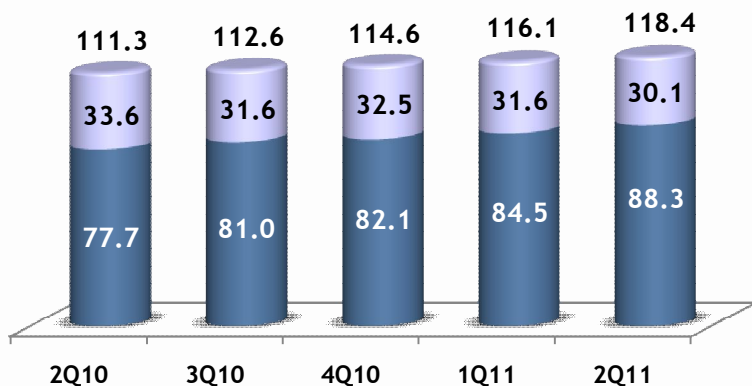
■ Core Deposits ■ Other Deposits



Funding Breakdown

(KRW tr)

■ OTC-Funded ■ Wholesale-Funded



(KRW bn)	2Q11	QoQ	1Q11	YTD	FY10
Core Deposits ¹⁾	20,197	4.1%	19,404	5.6%	19,123
MMDA	6,416	13.8%	5,636	6.6%	6,019
Other Deposits	19,480	4.4%	18,667	5.1%	18,539
Deposits	46,092	5.5%	43,707	5.5%	43,681
CD, Covered Bills, RP	13,178	6.7%	12,349	-8.7%	14,427
SMIF Bonds	59,153	-1.5%	60,053	4.7%	56,479
(OTC-funded)	(29,507)	(3.0%)	(28,653)	(20.3%)	(24,526)
Sub Total	118,422	2.0%	116,108	3.3%	114,587
Trust ²⁾	7,602	-5.4%	8,040	20.4%	6,312
Total Deposits	126,024	1.5%	124,148	4.2%	120,899

■ Based on monthly average B/S balance

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

2) Money Trust (excluding fund sales)



IV Asset Quality

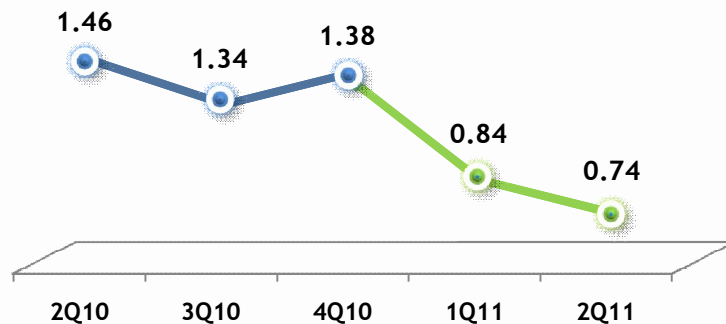
- 1. Provisions (Bank)**
- 2. Asset Quality (Bank)**
- 3. Delinquency (Bank)**

Provisioning (Bank)

Credit Cost

(%)

● K-IFRS ● K-GAAP

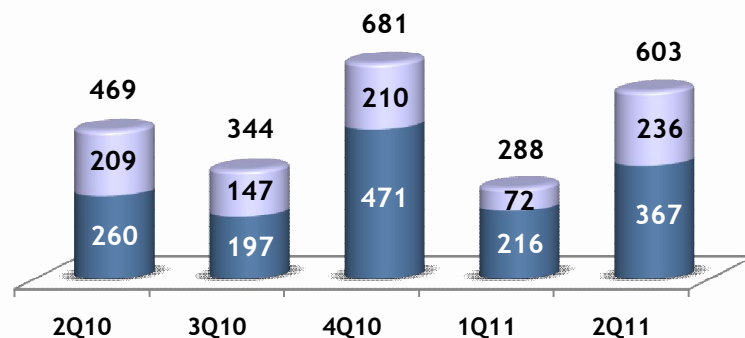


▪ Credit Cost = Net Provisioning / Total Credit

Write-offs / NPL Sales

(KRW bn)

■ Loans Sold ■ Net Write-offs (including recoveries)



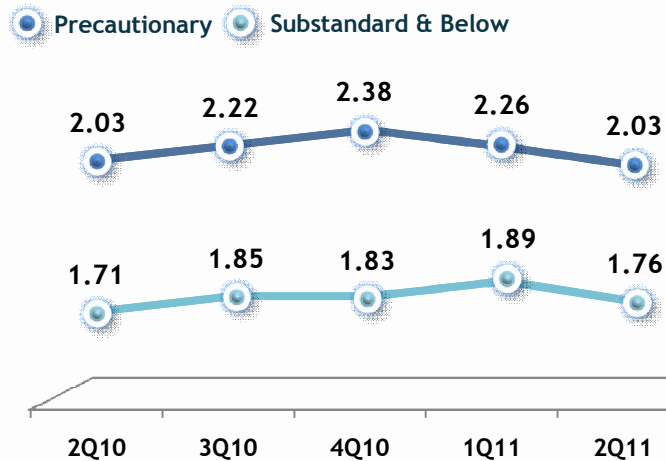
(KRW bn)	2Q11	QoQ	1Q11	4Q10
Corporate	243.6	-5.2%	256.9	612.8
Provisions	269.5	-3.3%	278.6	602.5
Unused Credit Line	-25.9	-19.4%	-21.7	10.3
Household	8.8	225.9%	2.7	13.0
Provisions	8.8	238.5%	2.6	12.9
Unused Credit Line	0	-100.0%	0.1	0.1
Credit Card	13.2	33.3%	9.9	6.1
Provisions	13.4	54.0%	8.7	8.7
Unused Credit Line	-0.2	-116.7%	1.2	-2.6
Sub Total	265.6	-1.4%	269.5	631.9
Recoveries & Other Provisions ¹⁾	-38.3	-836.5%	5.2	-142.0
Net Provisioning	227.3	-17.3%	274.7	489.9

1) Include write-back from NPL sales (KRW 45.1bn)

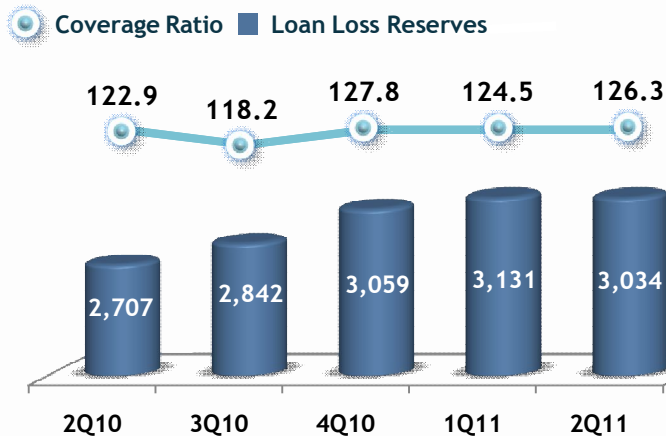
▪ FY11 K-IFRS Bank, FY10 K-GAAP Bank

Asset Quality (Bank)

Precautionary / Substandard & Below (%)



NPL Coverage Ratio / LLR (KRW bn, %)

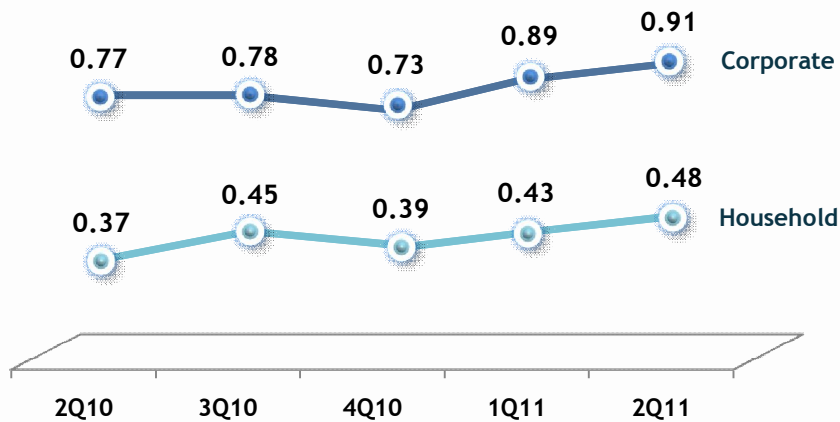


(KRW bn)	2Q11	QoQ	1Q11	4Q10
Normal	131,203	3.0%	127,401	125,491
Precautionary	2,764	-8.1%	3,006	3,115
Substandard	1,457	-0.1%	1,458	1,431
Doubtful	464	-17.3%	561	540
Estimated Loss	481	-3.0%	496	422
Total	136,369	2.6%	132,922	130,999
Substandard & Below	2,402	-4.5%	2,515	2,393
Sub & Below Ratio	1.76%	-0.13%p	1.89%	1.83%
Loan Loss Reserves ¹⁾	3,034	-3.1%	3,131	3,059
Coverage Ratio	126.3%	1.8%p	124.5%	127.8%
Write-offs (Quarterly)	251.5	169.6%	93.3	232.5

1) Include reserves for bond valuation, but exclude reserves for unused credit lines and unconfirmed acceptances & guarantees

Delinquency (Bank)

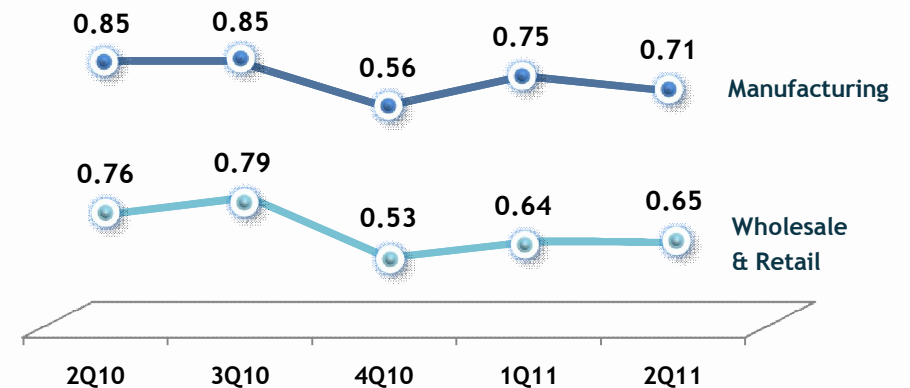
Delinquency by Operation (%)



(%)	2Q10	3Q10	4Q10	1Q11	2Q11
Total	0.70	0.72	0.67	0.80	0.82
Corporate	0.77	0.78	0.73	0.89	0.91
Household	0.37	0.45	0.39	0.43	0.48
Credit Card	0.91	1.09	1.13	1.57	1.44

▪ Principal or Interest of 30+days past due

Delinquency by Industry (%)



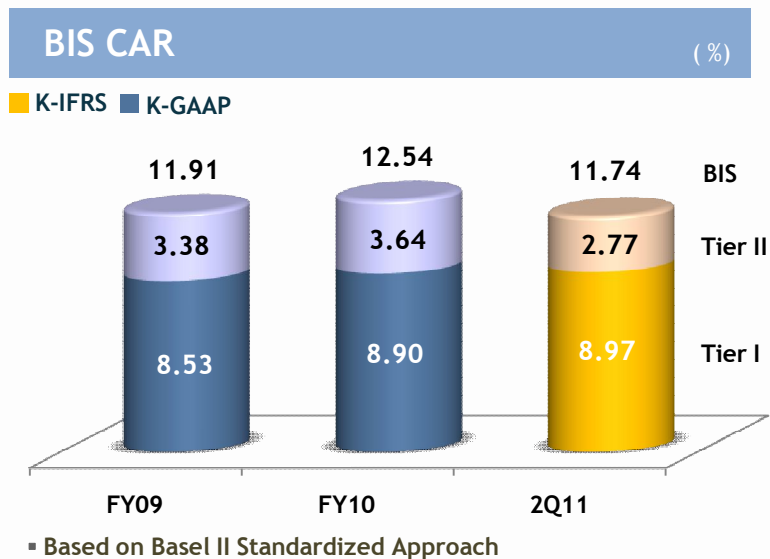
(%)	2Q10	3Q10	4Q10	1Q11	2Q11
Manufacturing	0.85	0.85	0.56	0.75	0.71
Construction	1.10	1.55	1.59	1.77	0.94
Lease & Rental	0.17	3.35	1.51	1.30	2.30
Wholesale & Retail	0.76	0.79	0.53	0.64	0.65
Lodging & Dining	0.63	0.91	0.86	0.93	0.73

▪ Principal or Interest of 30+days past due

The background features a stylized world map in light blue. Overlaid on the map are several white, curved lines that resemble orbital paths or data flow lines, creating a sense of global connectivity and technology. In the bottom left corner, there is a small, detailed globe with blue and white continents, surrounded by three intersecting silver rings, similar to the Bohr model of an atom.

Capital Adequacy (Consol.)

Capital Adequacy (Consol.)



Top 3 Investment Securities

Name	Ownership	Valuation Gains
KT&G	6.9%	KRW 418.7bn
Shinsegae	3.4%	KRW 30.6bn
E-mart	3.4%	KRW -2.6bn

(KRW bn, %)	2Q11	FY10	FY09
Tier I	10,673	10,209	9,122
Paid-in Capital	2,996	2,996	2,984
Capital Surplus	456	456	436
Retained Earnings	7,977	6,304	5,167
Hybrid Capital	824	824	824
Minority Interest	82	259	241
Tier II	3,303	4,165	3,616
LLR	1,495	1,441	1,341
45% of Gains on Valuation of Investment Securities	198	251	221
Subordinated Bonds	1,768	2,658	2,240
Total	13,976	14,374	12,738
Risk-Weighted Assets	119,043	114,665	106,931
BIS CAR	11.74	12.54	11.91
Tier I	8.97	8.90	8.53
Tier II	2.77	3.64	3.38

▪ 2Q11 figures are preliminary, FY11 K-IFRS Consol., FY10 K-GAAP Consol.

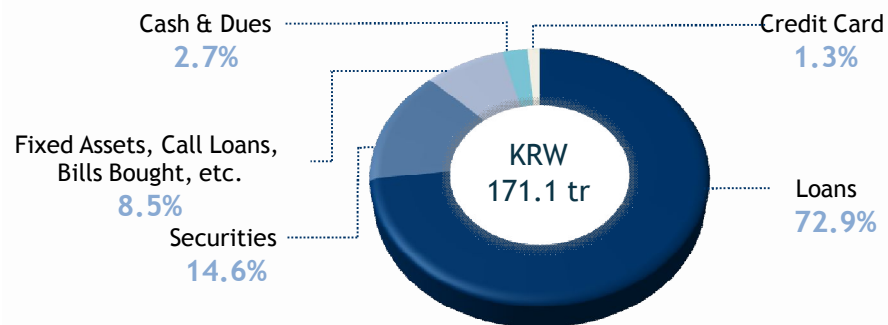


VI Appendix

- 1. Operations & Funding (Bank)**
- 2. SME Loans by Industry (Bank)**
- 3. Subsidiaries under IFRS**

Operations & Funding (Bank)

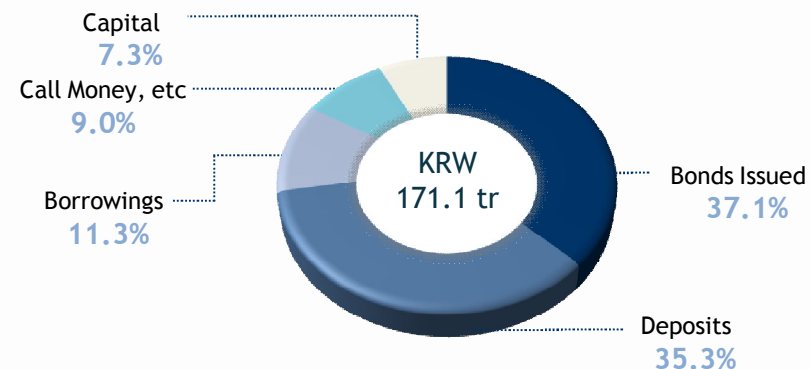
Operations



(KRW bn)	2Q11	FY10
Loans	124,708	119,504
Securities	25,066	24,763
Cash & Dues	4,696	6,603
Credit Card	2,173	2,496
Fixed Assets, Call Loans, Bills Bought, etc.	14,484	13,252
Total	171,127	166,618

▪ K-IFRS Bank

Funding



(KRW bn)	2Q11	FY10
Deposits ¹⁾	60,365	58,583
Bonds Issued	63,429	62,156
SMIF Bonds	58,041	55,947
(OTC-funded)	(29,804)	(25,320)
Borrowings	19,389	21,108
Gov't & Public Fund	15,267	17,380
FCY	4,122	3,728
Capital	12,543	11,854
Call Money, Deposits in FCY	15,401	12,917
Total	171,127	166,618

1) Deposits in KRW + CD + Covered Bills + RP

▪ K-IFRS Bank

SME Loans by Industry (Bank)

	2Q11				FY10	
(KRW bn)	Amount	(%)	Change	(%p)	Amount	(%)
Manufacturing	61,478	63.7	2,376	0.2	59,102	63.5
Textile	2,453	2.5	114	0.0	2,339	2.5
Apparel & Leather	1,605	1.7	37	0.0	1,568	1.7
Chemical Products	3,339	3.5	88	0.0	3,251	3.5
Rubber & Plastic Products	5,284	5.5	334	0.2	4,950	5.3
Basic Metals	4,496	4.7	211	0.1	4,285	4.6
Fabricated Metals	8,509	8.8	331	0.0	8,178	8.8
Other Machinery	11,227	11.6	416	0.0	10,811	11.6
Electronic Machinery	3,547	3.7	259	0.2	3,288	3.5
Communications Devices	4,943	5.1	158	0.0	4,785	5.1
Automobiles	4,603	4.8	248	0.1	4,355	4.7
Others	11,473	11.9	181	-0.2	11,292	12.1
Construction	4,413	4.6	215	0.1	4,198	4.5
Wholesale & Retail	15,540	16.1	481	-0.1	15,059	16.2
Real Estate Lease & Rental	5,142	5.4	-56	-0.2	5,198	5.6
Lodging & Dining	609	0.6	-13	0.0	622	0.6
Others	9,262	9.6	341	0.0	8,921	9.6
Transport & Warehousing	1,446	1.5	70	0.0	1,376	1.5
Business Services ¹⁾	1,376	1.4	45	0.0	1,331	1.4
Other Services ²⁾	6,439	6.7	225	0.0	6,214	6.7
Total	96,444	100.0	3,344	0.0	93,100	100.0

▪ SME Loans (including Loans in FCY)

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

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

Subsidiaries under IFRS

Name	Established in	Main Business	Asset (KRW bn)	Ownership (%)
IBK Capital	1986	Installment Financing	2,474.4	100.0
IBK Securities	2008	IB, Trading & Wealth Management	1,839.9	79.6
IBK China	2009	Banking	1,238.1	100.0
IBK Insurance	2010	Insurance (Pension)	379.7	100.0
IBK System	1991	Financial System Development & Management	38.6	66.5
IBK Asset Management	2004	Asset Management	33.3	100.0
IBK Credit Information	2000	Collection & Credit Information Service	13.9	100.0

Others : 8 SPCs for ABS issues, 23 funds, and 9 others including PEFs