

First Quarter 2009 Earnings Release

May 7, 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.



Contents

I.	Financial Highlights	1
II.	Profitability	3
III.	Loans/Deposits	8
IV.	Asset Quality	11
V.	Capital Adequacy	15
VI.	Appendix	17

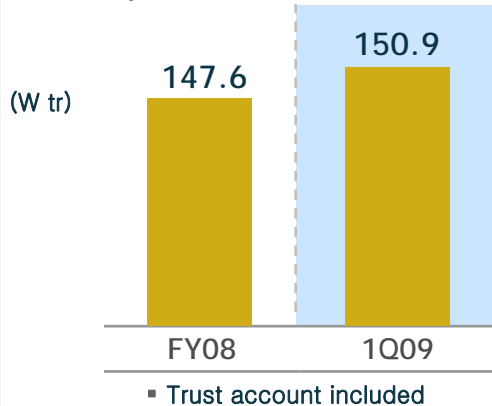
I . Financial Highlights

1. Financial Highlights

Financial Highlights

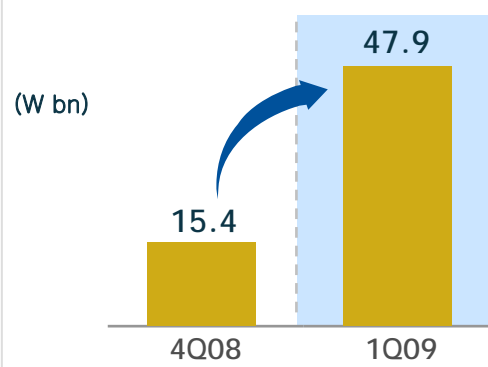
Total Assets

- Grew by W 3.3tr YTD



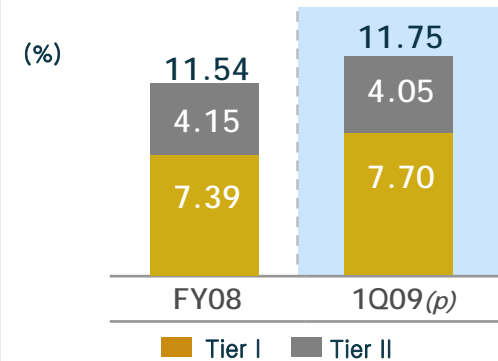
Net Income

- Increased 211% QoQ



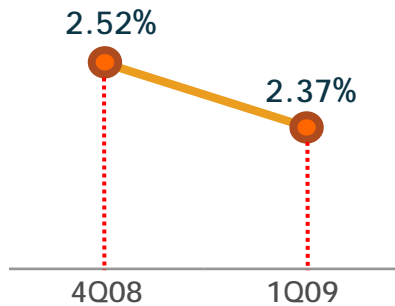
BIS Ratio

- Improved by 21bp on the back of W 500bn recapitalization and W 47.9bn net income



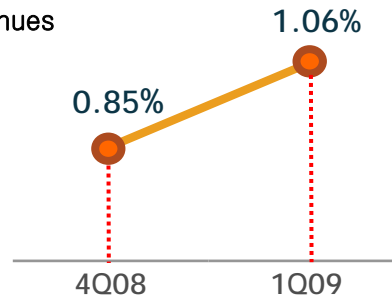
NIM (cumulative)

- Contracted by 15bp due to the market interest rate decline



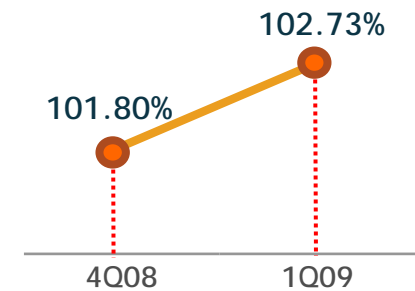
Total Delinquency

- Rose 21bp due to the corporate asset quality deterioration as economic slowdown continues



FC Liquidity Ratio

- Increased by 93bp through preemptive FC funding



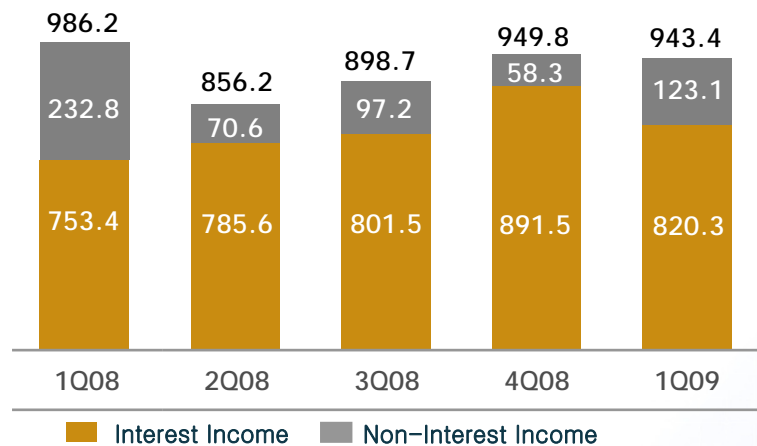
II . Profitability

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

Income Statement

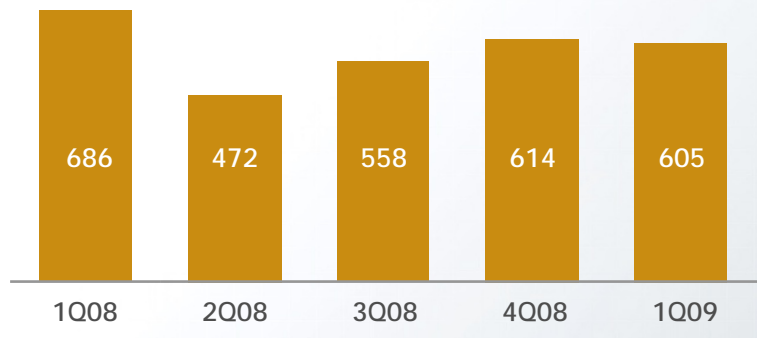
Interest / Non Interest Income

(W bn)



Stable Pre-Provisioning OI

(W bn)



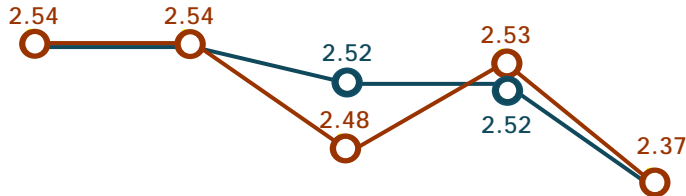
(W bn)	1Q09	QoQ	4Q08	YoY	1Q08
Net Interest Income	820.3	-8.0%	891.5	8.9%	753.4
Net Non-Interest Income	123.1	111.1%	58.3	-47.1%	232.8
SG&A Expenses	338.7	0.9%	335.6	12.9%	300.0
Pre-provisioning Operating Income	604.7	-1.5%	614.2	-11.9%	686.3
Net Provisioning ¹⁾	550.3	2.0%	539.5	116.0%	254.8
Operating Income	54.5	-27.0%	74.7	-87.4%	431.4
Non-Operating Income	11.9	228.0%	-9.3	3.5%	11.5
Pre-tax Income	66.3	1.5%	65.3	-85.0%	443.0
Income Tax	18.4	-63.1%	49.9	-84.4%	117.9
Net Income	47.9	211.2%	15.4	-85.3%	325.1

1) Refer to page 13 for details of net provisioning

Net Interest Income

NIM

(%)

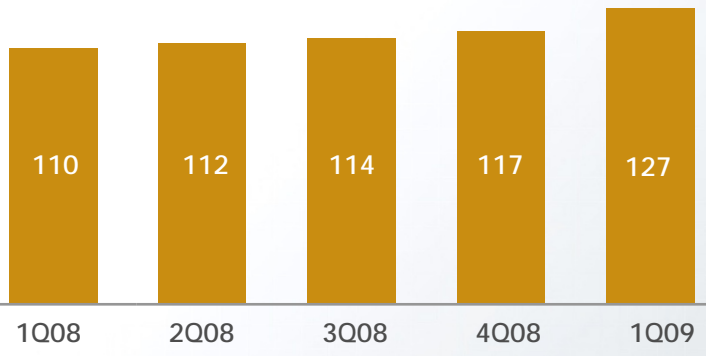


1Q08 2Q08 3Q08 4Q08 1Q09

○ Quarterly ● Cumulative

Interest Earning Assets (Cumulative)

(W tr)



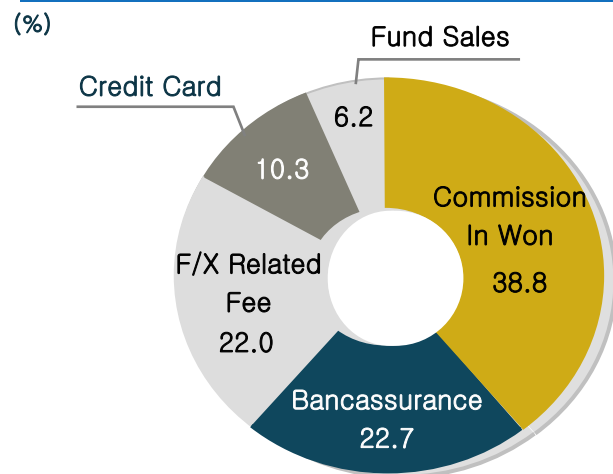
1Q08 2Q08 3Q08 4Q08 1Q09

(W bn)	1Q09	QoQ	4Q08	YoY	1Q08
Interest Income	2,086.7	-10.0%	2,318.8	7.7%	1,937.1
Loans	1,657.7	-8.7%	1,816.1	9.2%	1,518.6
Credit Card Receivables	104.8	-10.4%	116.9	-11.9%	118.9
(Credit Purchase)	(85.7)	(-11.5%)	(96.8)	(-10.1%)	(95.3)
Securities	253.7	-5.7%	269.1	9.0%	232.7
Other Loans, Dues, etc	70.4	-39.7%	116.7	5.2%	66.9
Interest Expenses	1,266.3	-11.3%	1,427.2	7.0%	1,183.7
Deposits	272.9	-16.0%	325.0	-6.5%	291.9
SMIF Bonds, etc	993.4	-9.9%	1,102.2	11.4%	891.7
Net-Interest Income	820.3	-8.0%	891.5	8.9%	753.4

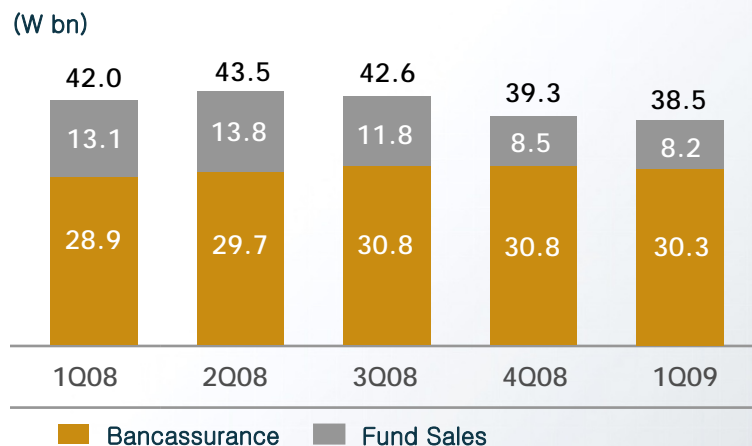
(%)	FY08				FY09
(Quarterly)	1Q	2Q	3Q	4Q	1Q
NIS	2.42	2.42	2.37	2.43	2.27
Interest Rate on Loans	6.91	6.87	6.90	7.09	6.43
Interest Rate on Deposits	4.49	4.45	4.53	4.66	4.16

Net Non-Interest Income

Fee Income Breakdown



Banca./ Fund Sales Fee



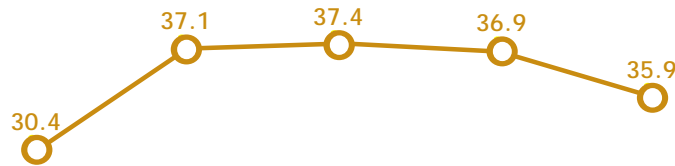
(W bn)	1Q09	QoQ	4Q08	YoY	1Q08
Fee Income	133.3	-1.0%	134.7	3.3%	129.1
Commission in Won	51.7	5.7%	48.9	7.3%	48.2
F/X Related Fee	29.3	-10.4%	32.7	10.6%	26.5
Bancassurance	30.3	-1.6%	30.8	4.8%	28.9
Credit Card	13.7	-1.4%	13.9	11.4%	12.3
Fund Sales	8.2	-3.5%	8.5	-37.4%	13.1
Securities Related Gain	25.2	-51.6%	52.1	-78.7%	118.5
Gain/Loss on disposal of loans	12.2	133.9%	-36.0	121.8%	5.5
Others ¹⁾	-52.8	45.5%	-96.8	-108.7%	-25.3
Trust Income	5.2	18.2%	4.4	2.0%	5.1
Net Non-Interest Income	123.1	111.1%	58.3	-47.1%	232.8

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

SG&A Expenses & Non-Operating Income

Cost Income Ratio

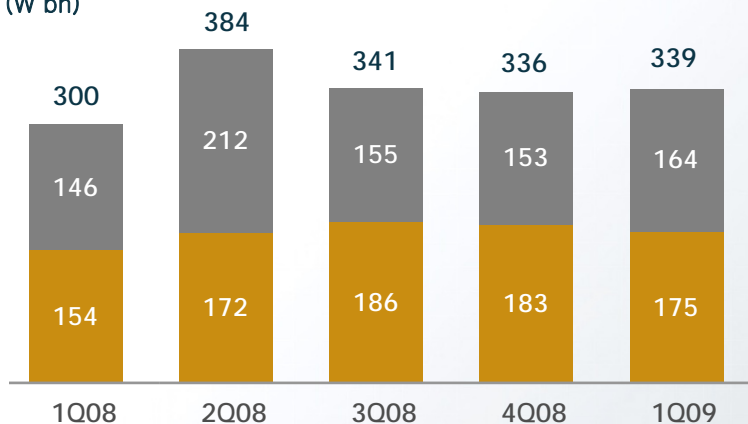
(%)



1Q08 2Q08 3Q08 4Q08 1Q09

SG&A

(W bn)



Administrative expenses Salaries + Severance pay

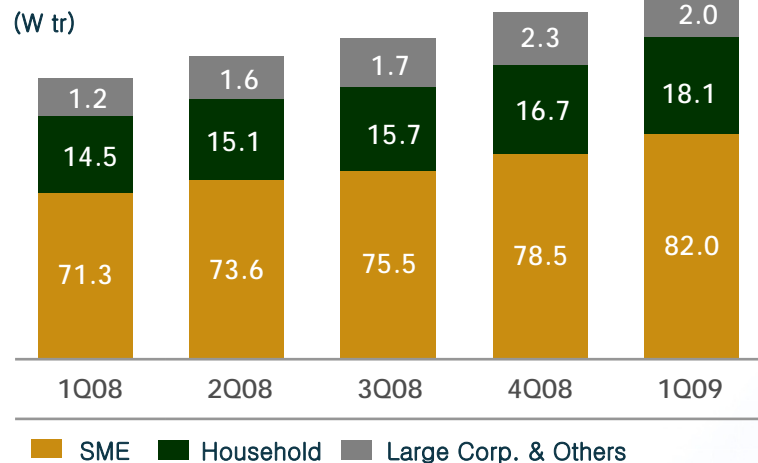
(W bn)	1Q09	QoQ	4Q08	YoY	1Q08
SG&A Expenses	338.7	0.9%	335.6	12.9%	300.0
Salaries	147.4	7.0%	137.8	2.1%	144.3
Administrative Expenses	174.9	-4.4%	183.0	13.9%	153.6
(Depreciation)	(22.1)	(-34.6%)	(33.8)	(-4.3%)	(23.1)
Provision for Severance Pay	16.3	10.1%	14.8	691.6%	2.1
Non-Operating Income	11.9	228.0%	-9.3	3.5%	11.5
Equity Method Gain	9.5	147.5%	-20.0	-14.4%	11.1
Other Non-Operating Income	2.4	-77.6%	10.7	421.2%	0.5

III . Loans/Deposits

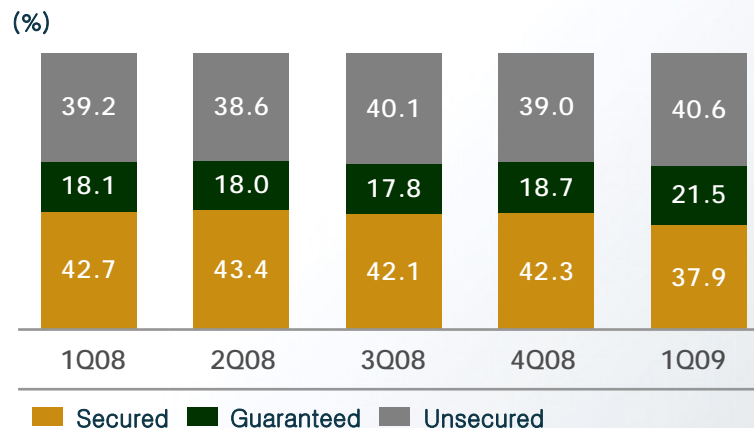
1. Loan Portfolio
2. Deposit Structure

Loan Portfolio

Total Loans



Increased Guaranteed Loan Portion



(W bn)	1Q09	QoQ	4Q08	YoY	1Q08
SME	82,031	4.5%	78,501	15.1%	71,266
Working Capital	56,478	5.7%	53,431	14.6%	49,266
Capital Expenditures	25,553	1.9%	25,070	16.1%	22,000
Household ¹⁾	18,122	8.7%	16,669	24.7%	14,530
General Household Loans	16,677	9.7%	15,208	24.8%	13,362
(Home Equity Loans)	(8,388)	19.7%	(7,005)	31.6%	(6,372)
Housing Loans	1,446	-1.0%	1,461	23.9%	1,167
Large Corp.	1,698	-10.3%	1,893	85.9%	913
Others	391	7.3%	364	15.0%	340
Total	102,242	4.9%	97,427	17.5%	87,048

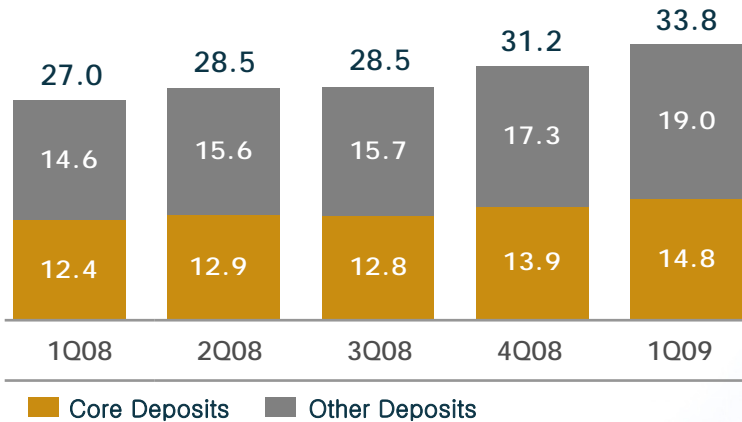
▪ Loan portfolio mix : SME 80.2%, Household 17.7%

1) Including card loans

Deposit Structure

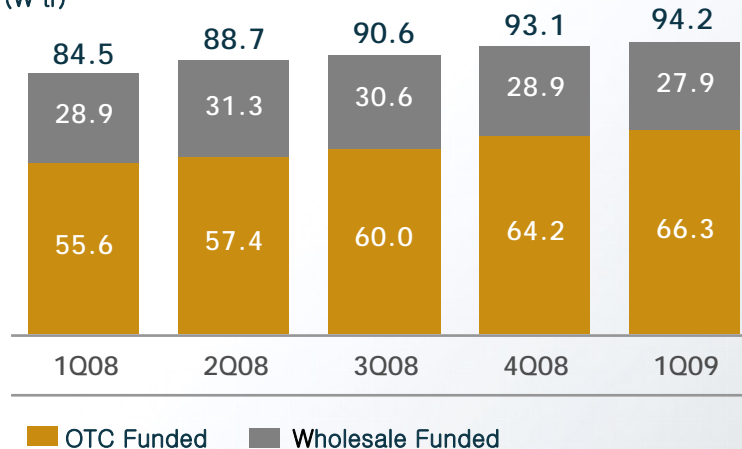
Stable Core Deposits

(W tr)



Sustained Growth in Deposits

(W tr)



(W bn)	1Q09	QoQ	4Q08	YoY	1Q08
Demand	8,230	5.6%	7,797	23.1%	6,686
Savings	25,613	9.2%	23,447	25.8%	20,362
Demand + Savings	33,843	8.3%	31,244	25.1%	27,049
CD, Cover bills, RP	11,132	-4.9%	11,702	-21.1%	14,100
SMIF Bonds	49,230	-1.9%	50,198	13.6%	43,323
(OTC funded)	(21,682)	(-3.4%)	(22,438)	(32.7%)	(16,345)
Sub Total	94,204	1.1%	93,144	11.5%	84,471
Trust ¹⁾	5,556	-14.6%	6,506	-1.8%	5,658
Total Deposits	99,760	0.1%	99,649	10.7%	90,130
Core Deposits²⁾	14,763	6.5%	13,866	19.3%	12,371

■ Based on B/S monthly average balance

1) Money trust (excluding fund sales)

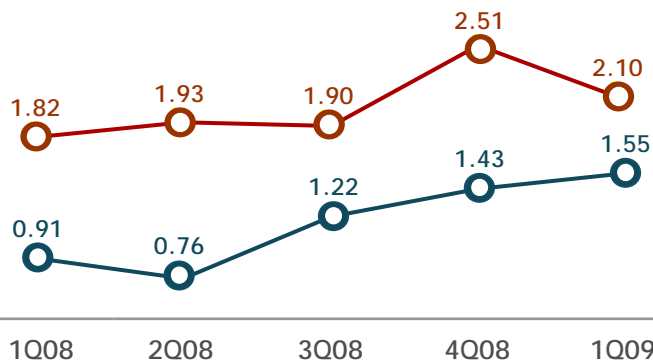
2) Core deposits: Corporate Free Savings+ Savings Deposits + Demand Deposits (excluding MMDA)

IV. Asset Quality

1. Asset Quality
2. Provisions
3. Delinquency Ratio

S&B/ Precautionary Ratio

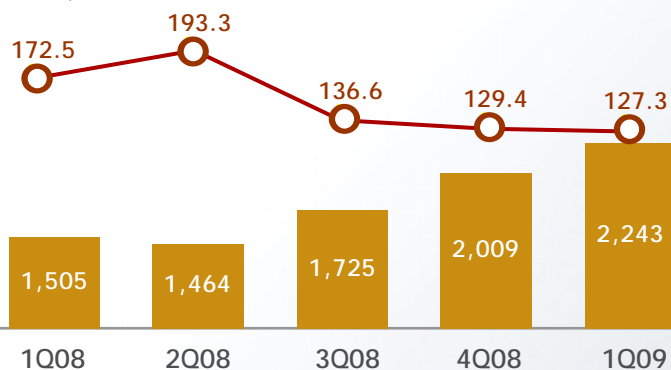
(%)



○ Precautionary ● Substandard & Below

Coverage Ratio/ LLR

(%, W bn)



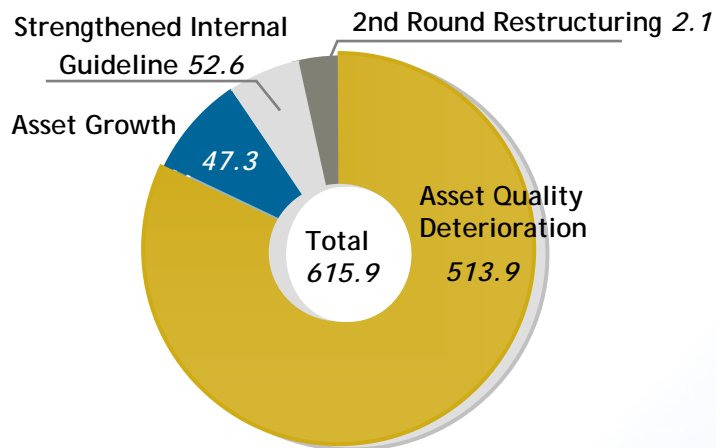
○ Coverage ratio ■ Loan Loss Reserves

(W bn)	1Q09	QoQ	4Q08	YoY	1Q08
Normal	109,354	5.0%	104,101	17.6%	93,022
Precautionary	2,384	-12.4%	2,723	37.3%	1,736
Substandard	975	-0.2%	977	85.0%	527
Doubtful	264	17.3%	225	127.5%	116
Estimated Loss	523	49.1%	351	126.9%	231
Total ¹⁾	113,500	4.7%	108,377	18.7%	95,631
Substandard & Below	1,762	13.5%	1,553	101.9%	873
Substandard & Below (%)	1.55%	0.12%p	1.43%	0.64%p	0.91%
Loan Loss Reserves ¹⁾	2,243	11.6%	2,009	49.0%	1,505
Loan Loss Reserves/ Substandard & Below (Coverage Ratio)	127.3%	-2.1%p	129.4%	-45.2%p	172.5%
Write-offs (quarterly)	69	-74.9%	275	-13.8%	80

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

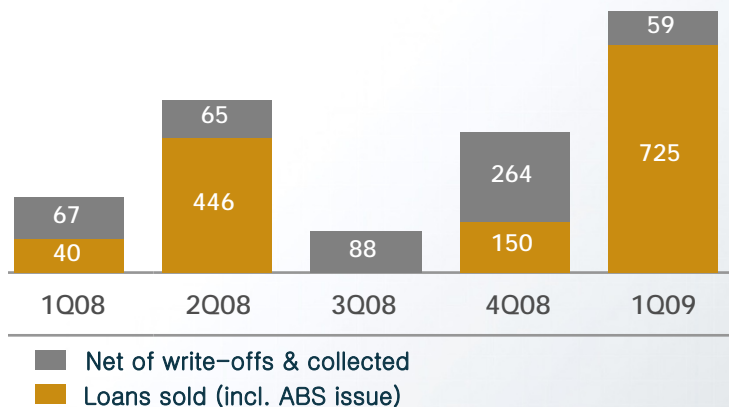
1Q09 Provision Breakdown

(W bn)



Write-offs/ Sale of Loan Receivables

(W bn)

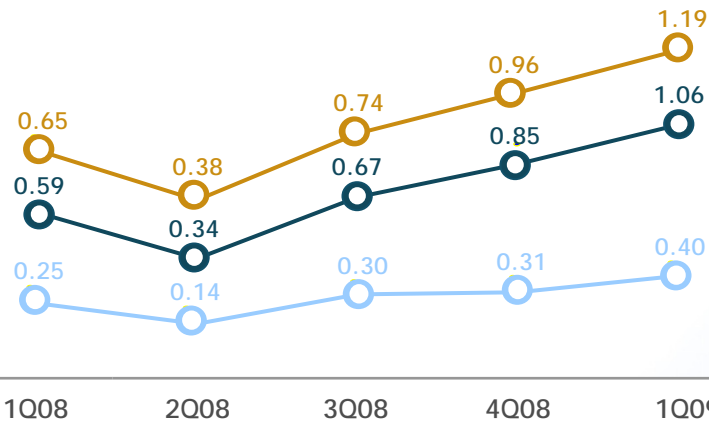


(W bn)	1Q09	FY08				
		4Q	3Q	2Q	1Q	Total
Corporate	560.8	555.9	324.6	197.5	216.8	1,294.8
Provisions	549.8	545.0	313.8	204.1	215.6	1,278.5
Others (Unused credit line)	11.0	10.9	10.8	-6.6	1.2	16.3
Household	32.4	17.3	15.8	7.8	6.7	47.6
Provisions	31.5	17.4	15.6	7.7	6.5	47.2
Others (Unused credit line)	0.9	-0.1	0.2	0.1	0.2	0.4
Credit Card	22.7	15.7	15.9	5.9	27.8	65.3
Provisions	18.2	21.7	11.1	16.7	18.4	67.9
Others (Unused credit line)	4.5	-6.0	4.8	-10.8	9.4	-2.6
Sub-total	615.9	588.8	356.3	211.2	251.3	1,407.6
Recoveries related to ABS & Other Provisions	-65.6	-49.3	1.1	-125.2	3.5	-169.9
Net Provisioning	550.3	539.5	357.4	86.0	254.8	1,237.7

Delinquency Ratio

Delinquency by Operation

● Total ● Corporate ● Household

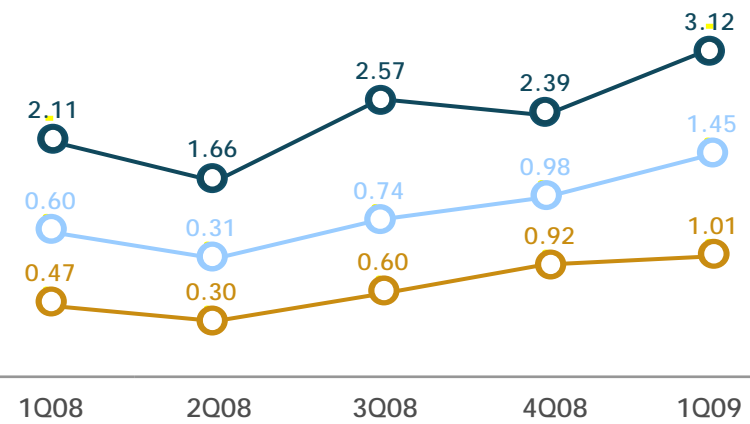


(%)	1Q08	2Q08	3Q08	4Q08	1Q09
Total	0.59	0.34	0.67	0.85	1.06
Corporate	0.65	0.38	0.74	0.96	1.19
Household	0.25	0.14	0.30	0.31	0.40
Credit Card (+ 1month)	1.16	1.25	1.71	1.93	2.37

▪ Principals or interests are one month past due

Delinquency by Industry

● Construction ● Wholesale & retail ● Manufacturing



(%)	1Q08	2Q08	3Q08	4Q08	1Q09
Manufacturing	0.47	0.30	0.60	0.92	1.01
Construction	2.11	1.66	2.57	2.39	3.12
Wholesale & Retail	0.60	0.31	0.74	0.98	1.45
Lease& Rental	1.01	0.26	0.52	0.42	0.58
Lodging & Dining	0.63	0.22	0.88	1.37	0.99

▪ Principals or interests are one month past due

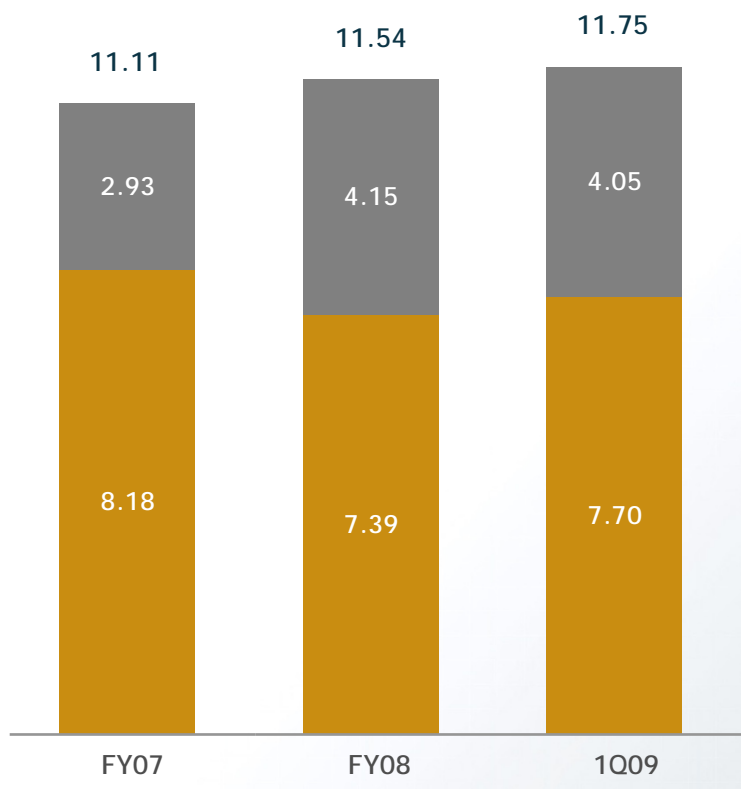
V . Capital Adequacy

1. Capital Adequacy

Capital Adequacy

BIS CAR

(%)



■ Tier I ■ Tier II

- FY07 figures are based on Basel I
- FY08, 1Q09 figures are based on Basel II Standardized Approach

(W bn)	1Q09	FY08
Tier I	8,048	7,568
Paid-in Capital	2,810	2,479
Capital Surplus	296	129
Retained Earnings	4,514	4,457
Hybrid Capital	824	824
Minority Interest	156	156
Tier II	4,221	4,248
Loan Loss Reserves	1,308	1,282
45% of Gains on Valuation of Investment Securities	261	256
Subordinated Bonds	2,754	2,749
Total	12,269	11,816
Risk-Weighted Assets	104,463	102,406
BIS CAR (%)	11.75	11.54
Tier I Ratio (%)	7.70	7.39
Tier II Ratio (%)	4.05	4.15

- 1Q09 numbers are all preliminary figures based on Basel II Standardized Approach

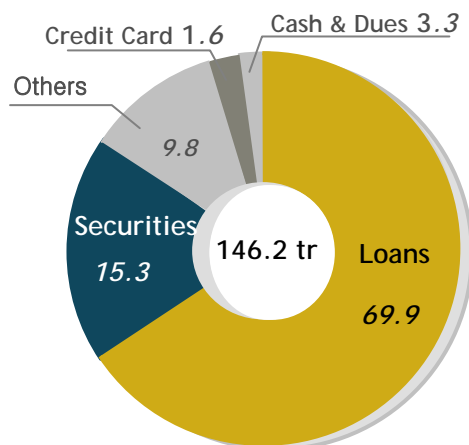
VI. Appendix

1. Funding & Operations
2. Loans by Industry
3. ABS Details

Funding & Operations

Operations

(%)



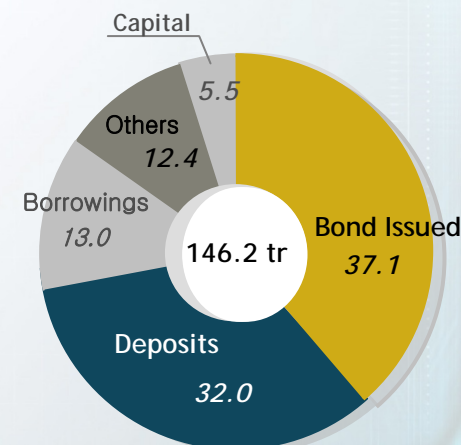
(W bn)	1Q09	FY08
Loans ¹⁾	102,242	97,427
Securities	22,432	23,296
Cash & Dues	4,881	3,164
Credit Card (inc. card loans)	2,298	2,412
Fixed assets, call loans, bills bought, etc	14,315	15,482
Total	146,168	141,781

■ B/S balance

1) Loans in KRW & F/C

Funding

(%)



(W bn)	1Q09	FY08
Deposits ¹⁾	46,711	42,884
Bond Issued	54,251	55,627
SMIF Bonds	49,174	50,597
(sold over the counter)	(22,559)	(22,488)
Borrowings	19,029	18,226
BOK	2,282	2,010
Gov. & Public Fund	11,246	10,991
F/C	5,427	5,205
Capital	8,067	7,523
Call Money, FC Deposits	18,111	17,522
Total	146,168	141,781

■ B/S balance

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

Loans by Industry

1Q09					FY08	
(W bn)	Amount	Change(YTD)	(%)	Change(%p)	Amount	(%)
Manufacturing	52,684	2,136	64.2	-0.2	50,548	64.4
Textile	2,191	9	2.7	-0.1	2,181	2.8
Apparel & Leather	1,506	47	1.8	-0.1	1,459	1.9
Chemical Products	2,828	125	3.5	0.1	2,703	3.4
Rubber, Plastic Product	4,336	144	5.3	0.0	4,193	5.3
Basic Metals	3,463	44	4.2	-0.2	3,418	4.4
Fabricated Metals	7,166	233	8.7	-0.1	6,933	8.8
Other Machinery	9,459	452	11.5	0.0	9,007	11.5
Electronic Machinery	2,755	83	3.4	0.0	2,672	3.4
Communication Devices	4,457	178	5.4	-0.1	4,280	5.5
Automobiles	4,198	265	5.1	0.1	3,933	5.0
Other Manufacturing	10,326	556	12.6	0.2	9,769	12.4
Construction	5,080	429	6.2	0.3	4,650	5.9
(Project Financing)	1,243	116	1.5	0.1	1,128	1.4
Wholesale & Retail Trade	12,496	415	15.2	-0.2	12,081	15.4
Lease & Rental Trade	3,802	181	4.6	0.0	3,621	4.6
Business Service¹⁾	1,021	91	1.3	0.1	930	1.2
Others	6,948	279	8.5	0.0	6,670	8.5
Lodging & Dining	642	6	0.8	0.0	635	0.8
Transportation	1,016	41	1.2	0.0	975	1.2
Other Services ²⁾	5,291	232	6.5	0.0	5,060	6.5
Total	82,031	3,530	100.0	0.0	78,501	100.0

▪ SME loans (including FC loans)

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

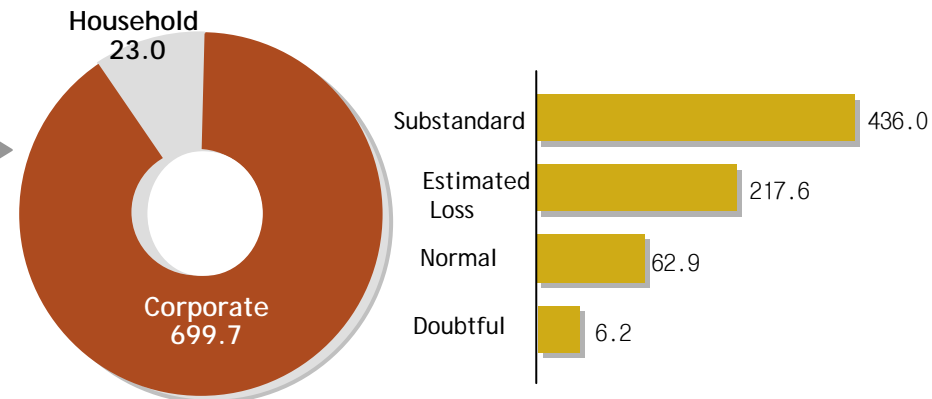
2) Agriculture, Forestry, Fishery, Mining, Electricity/Gas/Water, Education, Government services, Financing/Insurance, etc.

1Q09 ABS Issue

(W bn)	Gains from ABS Issue
Size of loans sold (A)	722.7
Revenue from loan sales (B)	489.0
Senior debt(Cash)	275.0
Sub-debt	214.0
Provisioning ¹⁾ (C)	245.0
Gains on loan sales (D=B+C-A)	+11.3
Recoveries from provisioning ²⁾ (E)	67.7
Valuation loss on sub-debt (F)	△68.2
Gains to P/L (G = D+E+F)	10.8

- 1) Provisioning as of year end 2008 related to the loans sold
2) Provisioning in 1Q09 related to loans sold

Loan Sales Breakdown (W bn)



Gains on ABS Issue W 10.8bn

