

Financial Results for 2007

February 14, 2008

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.
- In accordance with the new accounting guidelines provided by the Korea Accounting Institute, gain/loss on valuation or disposal of securities and loan receivables have been classified into operating income from non-operating income and early retirement payments have been classified into SG&A expenses from non-operating expenses. For comparison, figures related to accounts mentioned above have been modified into new accounting guidelines.
- 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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The background is a dark blue gradient. On the left, there is a faint grid pattern. Overlaid on this are several glowing, curved lines in a lighter blue color, creating a sense of motion or data flow. A horizontal band of slightly lighter blue is visible across the middle of the image.

. Financial Highlights

Financial Highlights

Growth

- Total Assets grew by 17.2% YoY to W124.3bn
- Core deposits M/S increased by 0.4%p
- Trust & Beneficiary Certificate M/S were up by 1.4%p

Profitability

- NI increased by 10.9% to KRW 1,168bn
- 4Q NIM improved by 9bp QoQ to 2.56%

Asset Quality

- Substandard & below Ratio recorded at 0.72% (0.19%p down QoQ)
- Strengthened provisioning policy

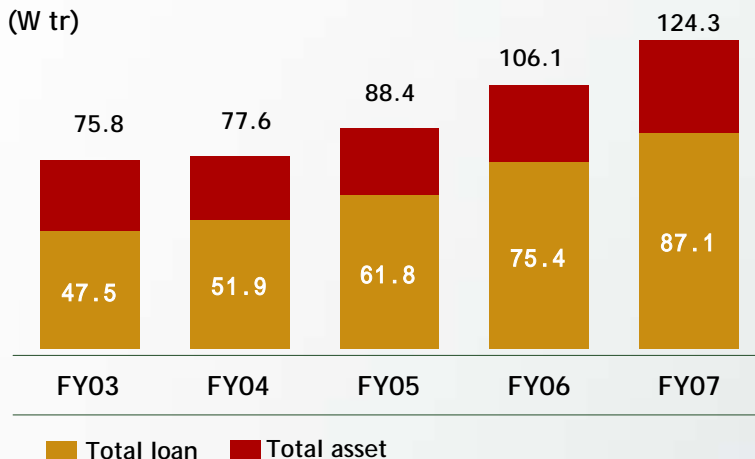
Productivity

- NI per employee increased by 9.0% to KRW 180 mm
- Asset per employee increased by 15.1% to KRW 18.9bn

Financial Highlights

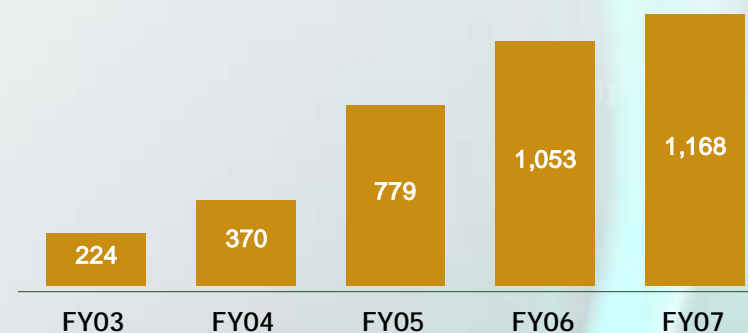
Total Asset (CAGR 13.2%)

(W tr)



Net Income (CAGR 51.1%)

(W bn)



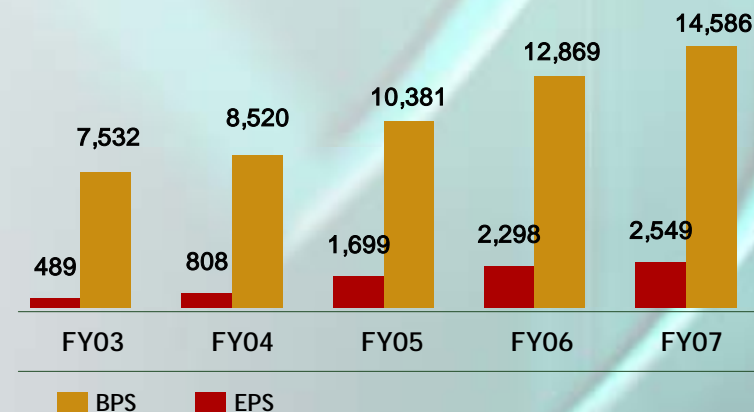
Substandard & Below Ratio

(%)



Shareholder Value

(KRW)



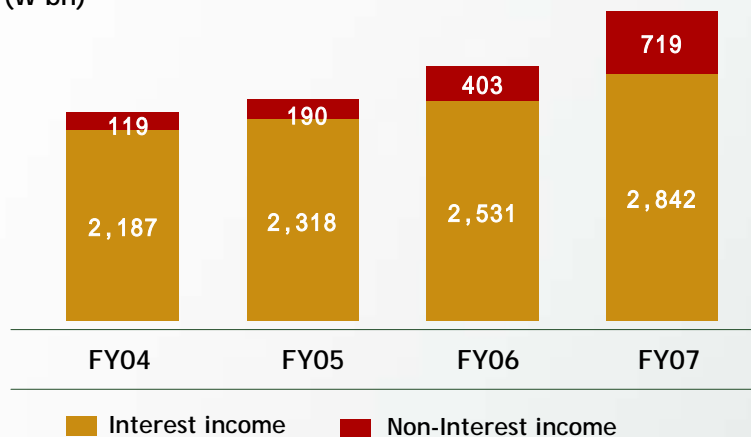
. Profitability

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

Income Statement

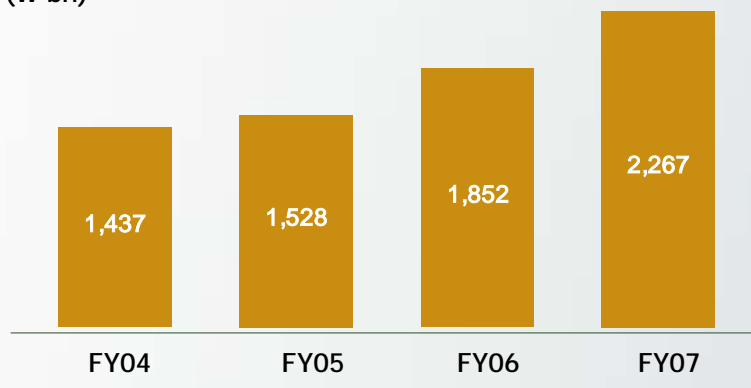
Interest/Non-Interest Income

(W bn)



Pre-Provisioning Operating Income

(W bn)



(W bn)	FY07	YoY	FY06	4Q07	QoQ	3Q07
Net Interest Income	2,842	12.3%	2,531	759	7.0%	709
Net Non-Interest Income	719 ¹⁾	78.6%	403	-41	-126.9%	152
SG&A Expense	1,293	19.6%	1,081	338	1.0%	334
Pre-Provisioning Operating Income	2,267	22.4%	1,852	381	-27.7%	527
Net Provisioning ²⁾	712	62.5%	438	231	-3.6%	239
Operating Income	1,556	10.0%	1,414	150	-47.8%	288
Non-operating Income	53	91.3%	28	3	-70.5%	10
Pre-tax Profit	1,608	11.5	1,442	153	-48.6%	298
Income tax	440	13.3%	388	48	-40.1%	80
Net Income	1,168	10.9%	1,053	105	-51.7%	218

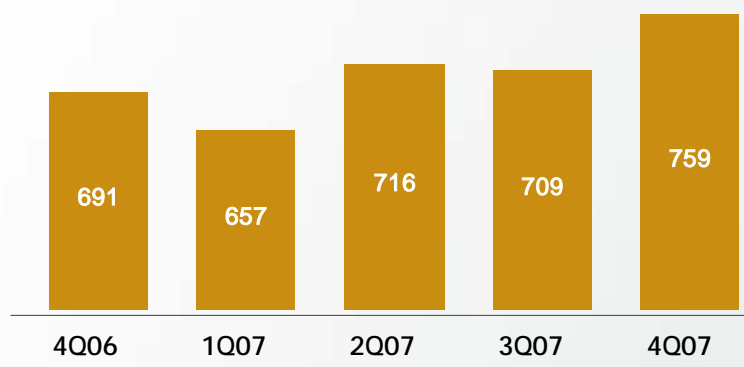
1) Including gains from the sale of LG card shares W367.7bn(net of tax W266.5bn)

2) Refer to page 17 for details of net provisioning

Net Interest Income

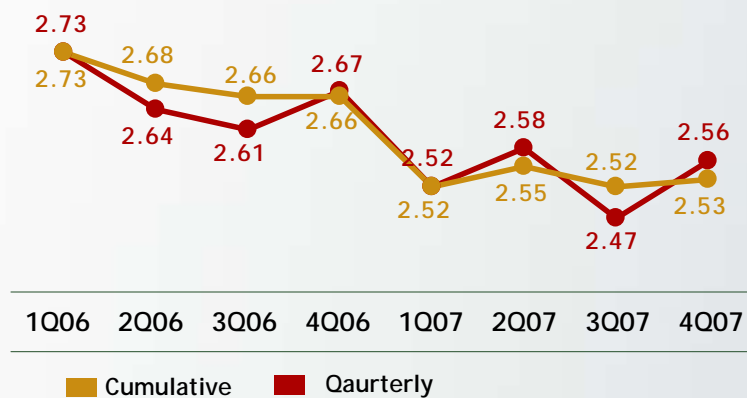
Interest Income

(W bn)



NIM Improvement

(W bn)



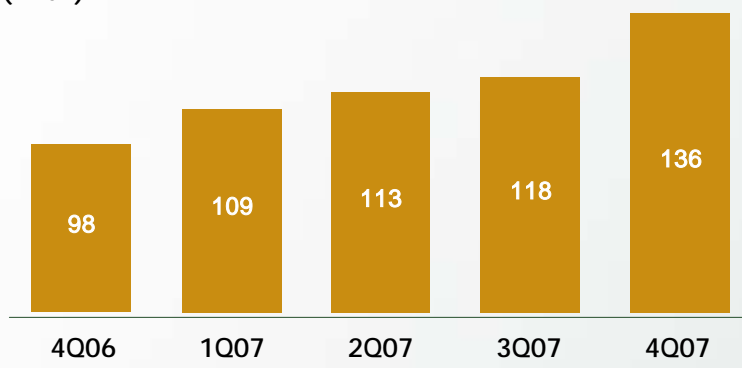
(W bn)	FY07	YoY	FY06	4Q07	QoQ	3Q07
Interest Income	6,889	23.9%	5,559	1,885	6.9%	1,763
Loans	5,350	26.4%	4,232	1,468	6.6%	1,377
Credit Card Receivables	438	17.7%	372	115	12.4%	102
(Credit Purchase)	(340)	(26.7%)	(268)	(90)	(15.0%)	(79)
Securities	861	15.7%	744	231	3.4%	223
Other Loans, Dues, etc.	240	13.7%	211	71	16.4%	61
Interest Expenses	4,047	33.6%	3,029	1,126	6.8%	1,054
Deposits	1,049	4.2%	1,006	279	3.7%	269
SMIF Bonds, etc	2,999	48.3%	2,023	847	7.8%	785
Net-Interest Income	2,842	12.3%	2,531	759	7.0%	709

(%)	FY06				FY07			
(Quarterly)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
NIS	2.65	2.56	2.55	2.62	2.45	2.49	2.37	2.45
Interest Rate on Loan	6.09	6.12	6.29	6.45	6.38	6.51	6.51	6.72
Interest Rate on Deposit	3.44	3.56	3.74	3.83	3.93	4.02	4.14	4.27

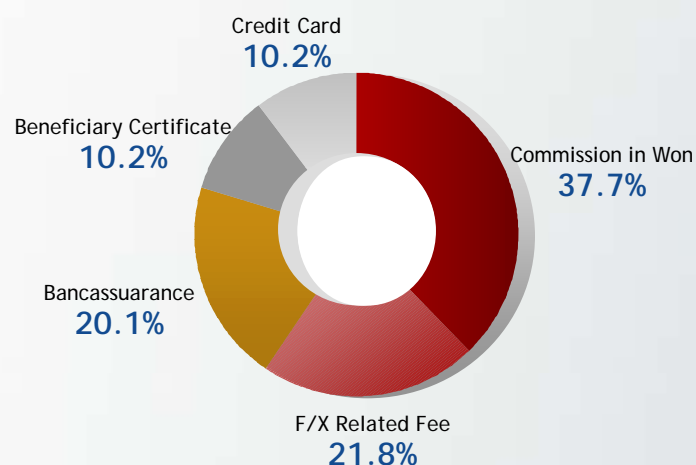
Net Non-interest Income

Continuous Growth in Fee Income

(W bn)



Breakdown of Fee Income



(W bn)	FY07	YoY	FY06	4Q07	QoQ	3Q07
Fee Income	476	17.7%	404	136	15.7%	118
Commission in Won	179	4.6%	171	49	10.9%	44
F/X Related Fee	104	10.7%	94	28	8.2%	26
Bancassurance	96	28.8%	74	26	6.2%	24
Credit Card	48	13.5%	43	13	14.7%	12
Beneficiary Certificate	48	121.3%	22	21	69.1%	12
Securities Related Gain	650 ¹⁾	183.3%	230	-20	-122.9%	88
Gain/Loss on disposal of Loans	-156	-133.4%	-69	-108	-	0
Others ²⁾	-267	-40.3%	-190	-47	22.3%	-60
Trust Income	16	-37.9%	26	-2	-133.0%	7
Net Non-Interest Income	719	78.6%	403	-41	-126.9%	152

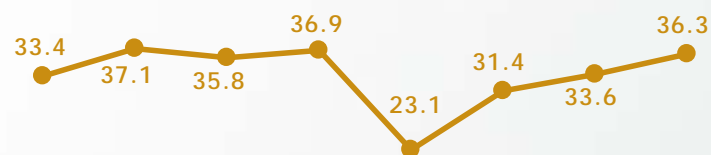
1) Including gains from the sale of LG card shares W367.7bn(net of tax W266.5bn)

2) Contribution to credit guarantee fund, deposit insurance premium, gain/loss from FX transactions & derivatives, etc.

SG&A Expenses & Non-operating Income

Cost Income Ratio

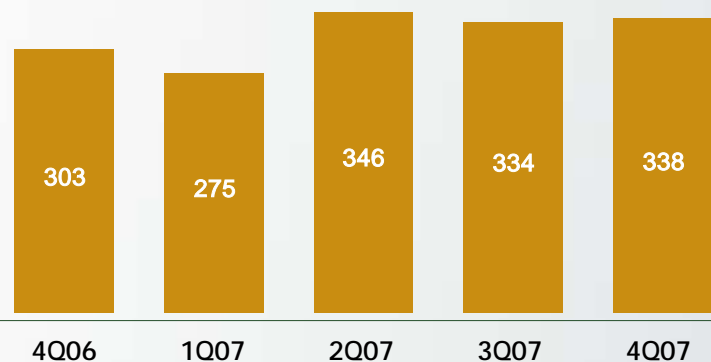
(%)



1Q06 2Q06 3Q06 4Q06 1Q07 2Q07 3Q07 4Q07

SG&A Expenses

(W bn)



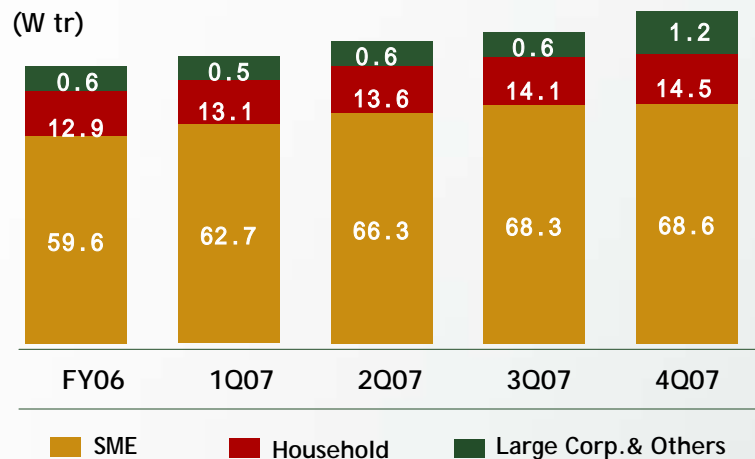
(W bn)	FY07	YoY	FY06	4Q07	QoQ	3Q07
SG&A Expenses	1,293	19.6%	1,081	338	1.0%	334
Salaries	590	11.9%	527	141	1.0%	140
Administrative Expenses	630	27.1%	496	164	-8.1%	179
(Depreciation)	(106)	(13.6%)	(93)	(34)	(30.9%)	(26)
Provision for Severance Pay	73	26.6%	58	32	104.8%	16
Non-Operating Income	53	91.3%	28	3	-70.5%	10
Equity Method Gain	40	20.8%	33	3	-63.6%	8
Other Non-Operaitng Income	13	-	-5	0	-94.9%	2

. Loans/Deposits

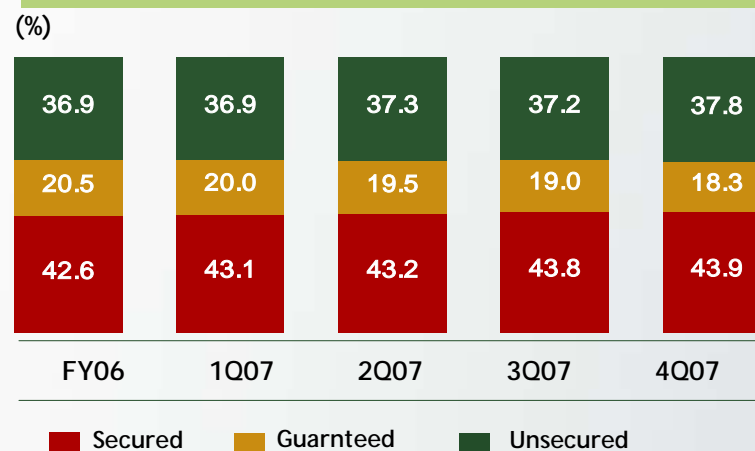
1. Loan Portfolio
2. Deposit Structure

Loan Portfolio

Continuous Loan Growth



Stable Collateral Status(SME Loans)



Loan Portfolio ¹⁾		FY07	YoY	FY06	QoQ	3Q07
(W bn)	SME	68,563	14.9%	59,648	0.4%	68,305
	Household ²⁾	14,517	12.6%	12,898	3.1%	14,078
	Large Corp.	885	168.5%	330	193.3%	302
	Others	359	28.8%	278	31.8%	272
	Total	84,324	15.3%	73,154	1.6%	82,956

Household Loans		FY07	YoY	FY06	QoQ	3Q07
(W bn)	General Household Loans	13,290	11.1%	11,965	3.4%	12,857
	(Home Equity Loans)	(6,458)	(2.2%)	(6,321)	(-0.1%)	(6,463)
	Housing Loans	1,136	41.6%	803	1.3%	1,121
	Total	14,426	13.0%	12,768	3.2%	13,979
	Housing-related Loans	52.6%	-3.2%p	55.8%	-1.7%p	54.3%

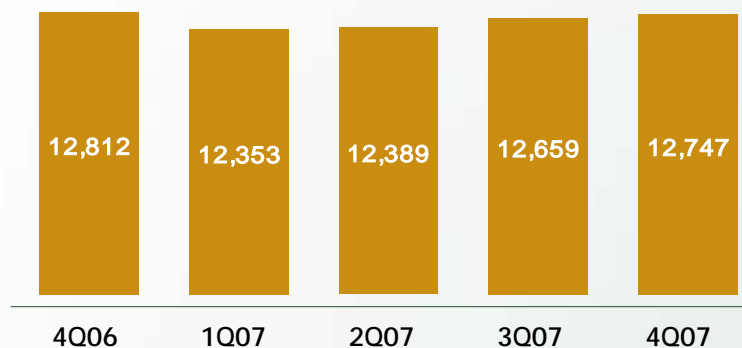
1) Loan portfolio mix : SME 81.3%, household 17.2%

2) Including card loans

Deposit Structure

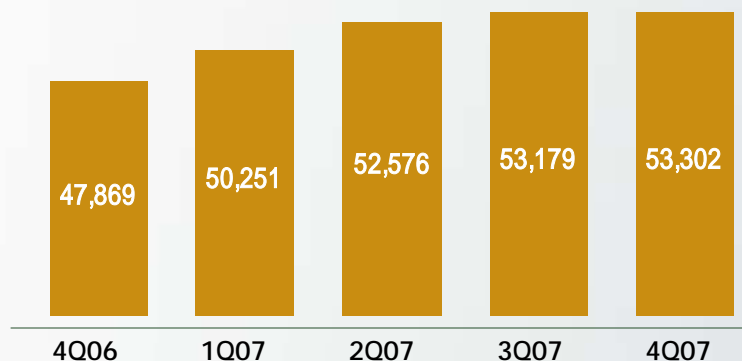
Stable Core Deposits

(W bn)



Retail Funding

(W bn)



• Retail funding = demand deposits + savings deposits + OTC funding in CD, SMIF Bonds, etc.

(W bn)	FY07	YoY	FY06	QoQ	3Q07
Demand Deposits	7,001	3.1%	6,793	0.2%	6,984
Savings Deposits	20,331	-8.9%	22,305	0.2%	20,287
Demand+Savings Deposits	27,331	-6.1%	29,098	0.2%	27,270
CD, Cover Bills, etc	13,539	22.0%	11,099	-1.2%	13,702
SMIF Bonds	40,835	36.1%	30,003	3.8%	39,329
Sub-Total	81,706	16.4%	70,200	1.7%	80,301
Trust ¹⁾	6,398	77.0%	3,615	10.8%	5,777
Total Deposits	88,104	19.4%	73,815	2.4%	86,078
Core Deposits ²⁾	12,747	-0.5%	12,812	0.7%	12,659

• Based on B/S monthly average balance

1) Money trust (excluding beneficiary certificates)

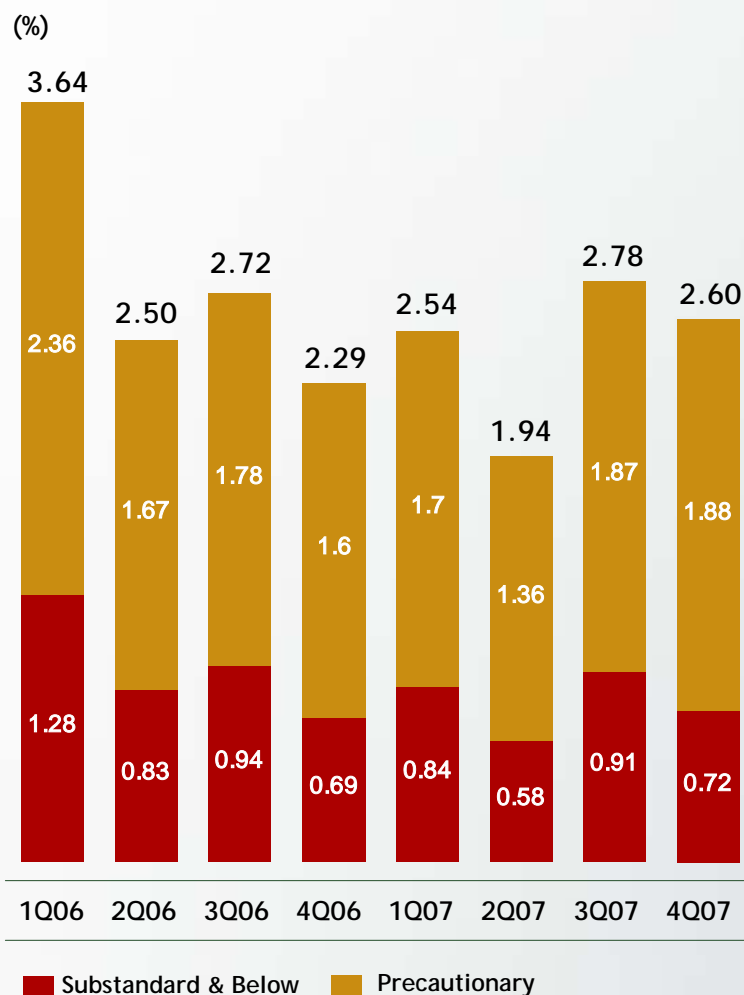
2) Core deposits : corporate free savings deposits + savings deposits + demand deposits (excluding MMDA)

. Asset Quality

1. Asset Quality
2. Provisions
3. Delinquency Trend by Sector

Asset Quality

Precautionary & Below



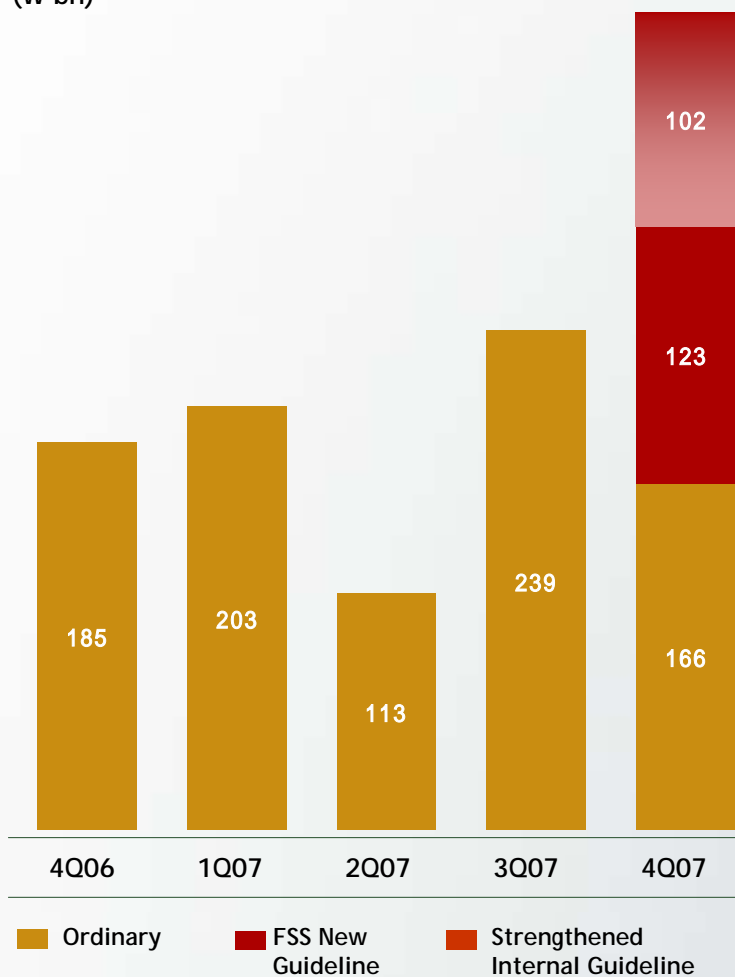
(W bn)	FY07	YoY	FY06	QoQ	3Q07
Normal	89,680	16.2%	77,173	2.2%	87,760
Precautionary	1,730	37.2%	1,261	2.5%	1,688
Substandard	411	13.8%	361	-26.8%	561
Doubtful	124	36.5%	91	27.3%	97
Estimated Loss	127	40.6%	90	-20.4%	160
Total	92,071	16.6%	78,976	2.0%	90,266
Substandard & Below	662	22.0%	542	-19.1%	818
Substandard & Below(%)	0.72	0.03%p	0.69	-0.19%p	0.91
Provisions ¹⁾	1,346	38.8%	970	10.3%	1,220
Provisions/ Substandard & Below	203.4%	24.5%p	178.9%	54.3%p	149.1%
Write-offs	293	-0.2%	293	-	203

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

Provisions

Preemptive Provisioning

(W bn)

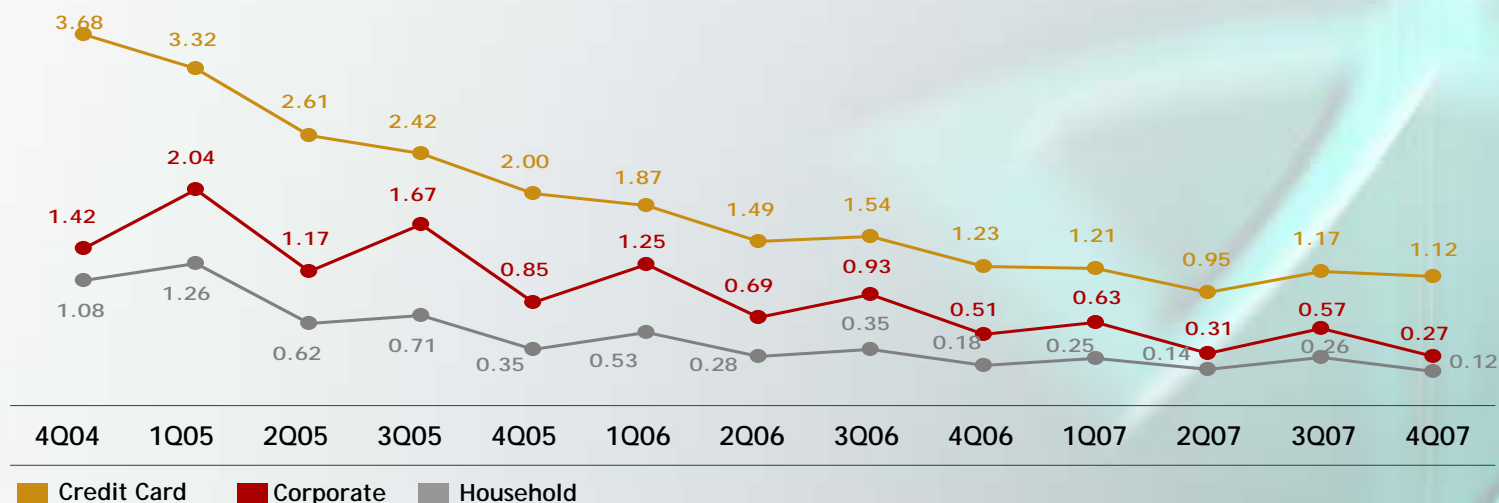


(W bn)	FY07					FY06
	1Q	2Q	3Q	4Q	Total	
Corporate	181	102	222	385	890	428
Provisions	167	112	227	382	888	414
Others (Unused credit line)	13	-10	-5	3	2	14
Household	10	6	9	3	27	65
Provisions	9	6	9	3	27	65
Others (Unused credit line)	1	0	0	0	0	1
Credit Card	13	5	8	4	30	63
Provisions	12	8	4	10	35	36
Others (Unused credit line)	1	-4	4	-7	-6	27
Sub-total	203	113	239	391	947	556
Recoveries Related to ABS & Other Provisions	1	-75	0	-161	-235	-118
Total	204	38	239	231	712	438

Delinquency Trend by Sector

	(%)	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Corporate	Reported	1.42	2.04	1.17	1.67	0.85	1.25	0.69	0.93	0.51	0.63(0.89)	0.31(0.44)	0.57(0.85)	0.27(0.56)
	Adjusted	3.59	2.14	2.17	2.69	2.41	1.35	1.31	1.54	1.44	0.68(0.95)	0.82(0.95)	1.09(1.37)	1.26(1.55)
Household	Reported	1.08	1.26	0.62	0.71	0.35	0.53	0.28	0.35	0.18	0.25(0.29)	0.14(0.16)	0.26(0.29)	0.12(0.13)
	Adjusted	2.54	1.33	1.15	1.22	1.07	0.56	0.50	0.56	0.45	0.27(0.31)	0.25(0.30)	0.42(0.43)	0.46(0.47)
Credit Card (+1 Month)		3.68	3.32	2.61	2.42	2.00	1.87	1.49	1.54	1.23	1.21	0.95	1.17	1.12

Delinquency Ratio Trend



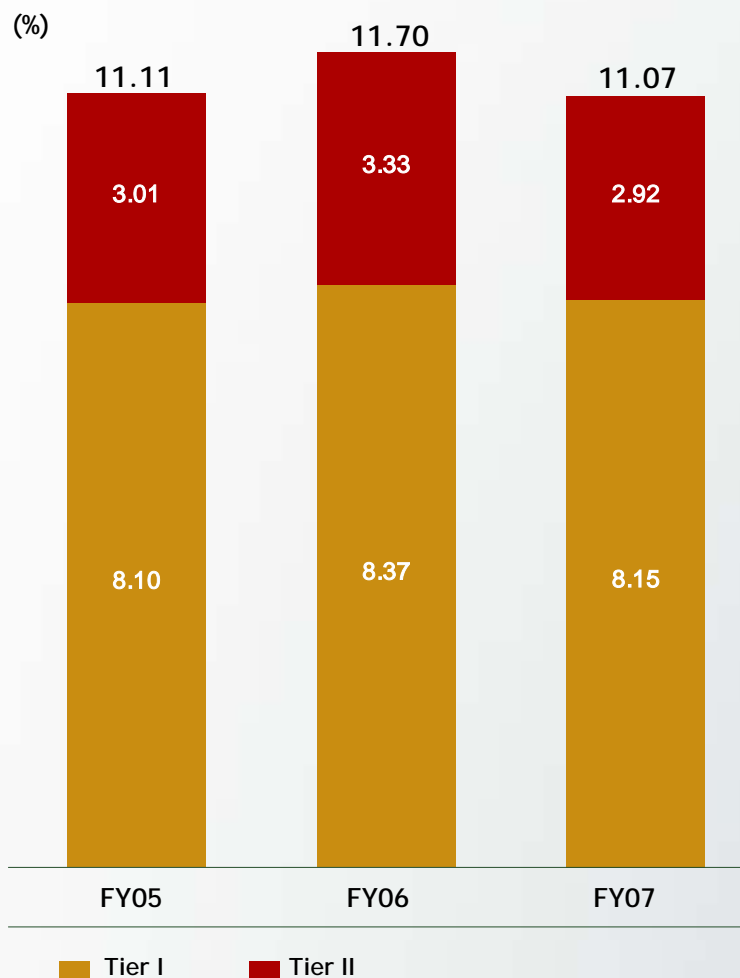
- From FY07 delinquency is qualified to include loans where principals or interests are one month past due
() is delinquency ratio where principals are one day past due

The background is a dark blue gradient. On the left, there is a faint grid pattern. Overlaid on this are several glowing, curved lines in a lighter blue color, creating a sense of motion or data flow. The text ". Capital Adequacy" is centered horizontally and partially overlaid by these glowing lines.

. Capital Adequacy

Capital Adequacy

BIS CAR



(W bn)	FY07	FY06
Tier 1	6,691	5,746
Paid-in Capital	2,291	2,291
Capital Surplus	7	7
Retained Earnings	3,953	3,032
Hybrid Capital	600	600
Minority Interest	156	103
Tier 2	2,396	2,285
Loan Loss Reserve	1,029	861
45% of Gains on Valuation of Investment Securities	202	262
Subordinated Bond	1,309	1,288
Total	9,087	8,031
Risk-weighted Assets	82,084	68,641
BIS CAR (%)	11.07	11.70
Tier 1 Ratio (%)	8.15	8.37
Tier 2 Ratio (%)	2.92	3.33

• FY07 numbers are all preliminary figures

. Appendix

1. Establishment of Securities Firm
2. Government Blueprint for IBK Privatization
3. 2008 Plan for SME Loans
4. Others

Establishment of Securities Firm

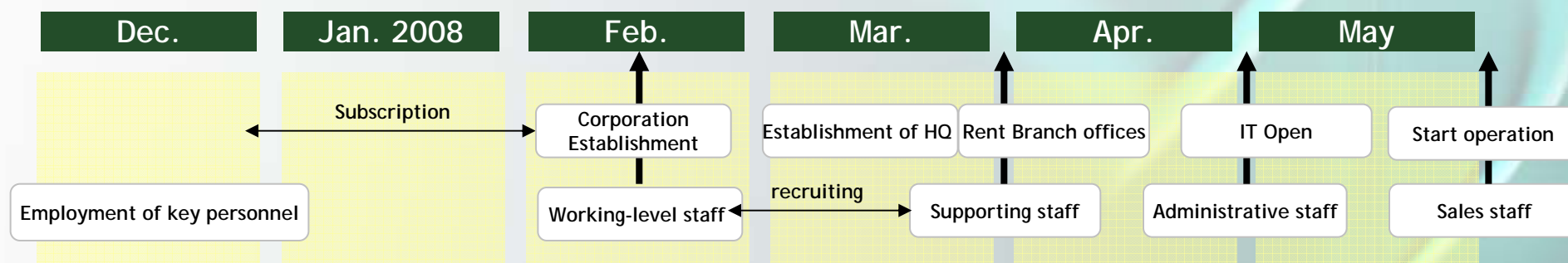
Profile

Company name	IBK Investment Securities
Capital	KRW 300 bn
Coverage Area	Korea (nationwide)
Business Scope	Comprehensive securities businesses
Headcount	Around 300

What makes IBK Securities standout

- IBK Investment Securities will specialize in IB services for SMEs
 - IPO : 1,181 SME customers eligible for IPOs
 - M&A : 31,000 suppliers of large corporations
17,000 CEOs aged over 60
 - PI : 2,000 IBK PI Investees by 2011
 - Bond Issuance/capital increase with or without consideration: 478 listed Co.

Implementation Plan



Government Blueprint for IBK Privatization

Privatization Schedule



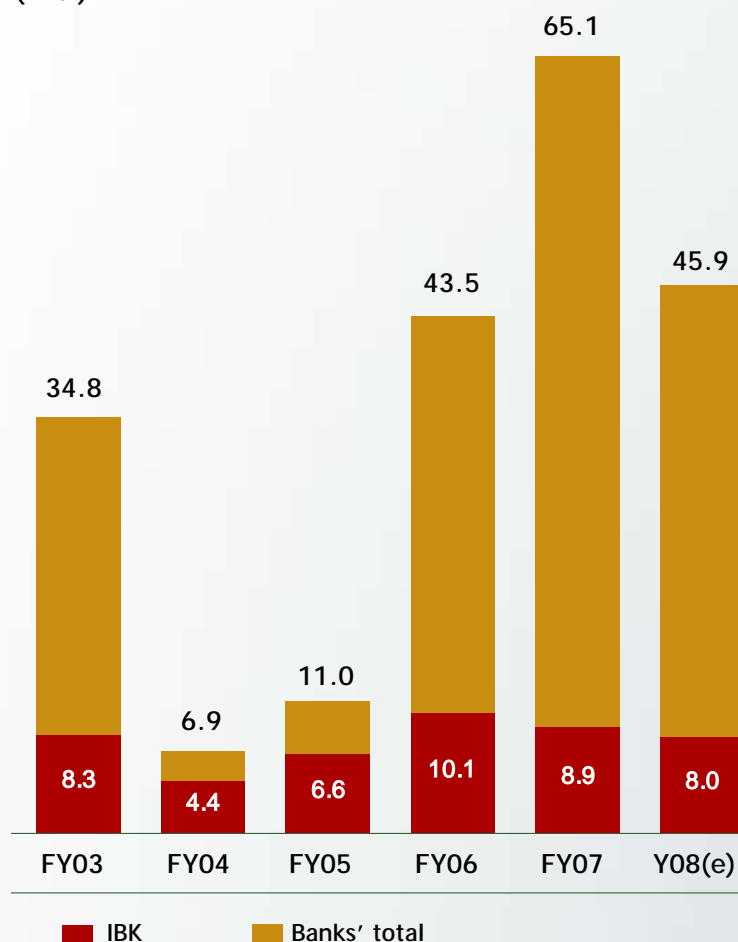
Phase out discriminatory regulations before privatization

- Ease restrictions on equity investment (the ceiling was raised up to 30% of capital base from 15%)
- Apply similar tax deduction for entertainment expenses as commercial banks
- Exclude IBK from government-designated public institutions

2008 Plan for SME Loans

Achieving 18.1% of Net SME Systemic Loan

(W tr)



• The figure 18.1% suggests two-year average of net SME systemic loan

Marketing Strategy for SME loans

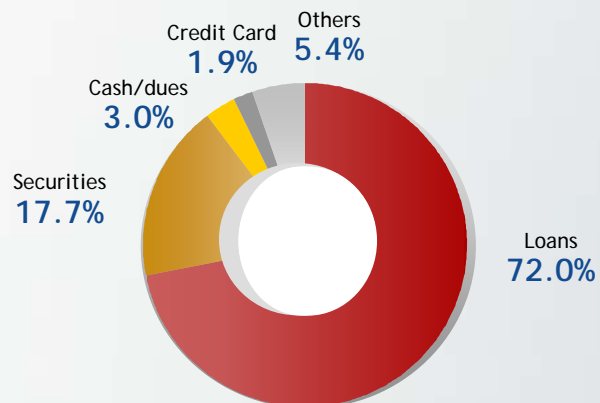
- Customizing the supply chain
 - Target : Large corporations and their suppliers
 - Main products: e-Branch
 - Network Loan
 - Sgi Cycle Loan
- Managing loan portfolio by credit rating and industry
- Pricing reflecting upon expected loan loss ratio

Funding & Operations

(W bn)	FY07	FY06
Loans ¹⁾	85,902(72.0%)	74,449(72.0%)
Securities	21,129(17.7%)	18,900(18.3%)
Cash & Dues	3,564(3.0%)	2,369(2.3%)
Credit Card (Card Loans)	2,285(1.9%)	2,114(2.0%)
Fixed Assets, Call Loans, Bill Bought, etc.	6,424(5.4%)	5,604(5.4%)
Total	119,304(100.0%)	103,436(100.0%)

1) Loans in KRW & F/C + inter-bank loans + advances for customers

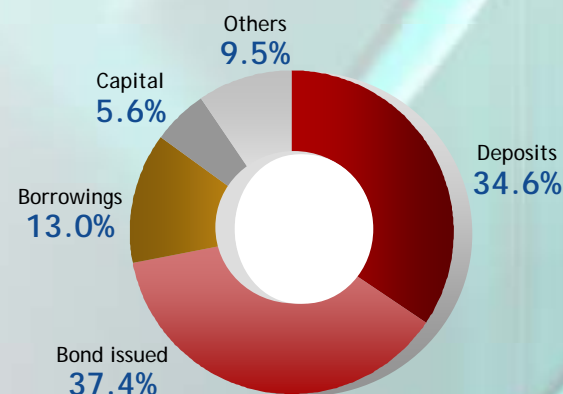
Operations



(W bn)	FY07	FY06
Deposits ¹⁾	41,243(34.6%)	41,476(40.1%)
Bond Issued	44,584(37.4%)	32,885(31.8%)
SMIF Bonds	40,903(34.3%)	30,816(29.8%)
(Sold Over Counter)	14,372(12.0%)	9,008(8.7%)
Borrowings	15,517(13.0%)	14,724(14.2%)
BOK	1,833(1.5%)	2,226(2.2%)
Gov. & Public Fund	10,794(9.0%)	9,945(9.6%)
F/C	2,890(2.4%)	2,553(2.5%)
Capital	6,684(5.6%)	5,897(5.7%)
Call Money, FC Dposits,	11,276(9.5%)	8,454(8.2%)
Total	119,304(100.0%)	103,436(100.0%)

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

Funding



Loans by Industry

(W bn)	FY07				FY06	
	Amount	(YTD)	(%)	Change(%p)	Amount	(%)
Manufacturing	43,776	5,533	63.9	-0.2	38,243	64.1
Textile	2,372	-43	3.5	-0.5	2,415	4.0
Apparel & Leather	1,120	70	1.6	-0.2	1,050	1.8
Chemical Products	2,352	269	3.4	-0.1	2,083	3.5
Rubber, Plastic Product	3,544	423	5.2	0.0	3,121	5.2
Basic Metals	2,818	509	4.1	0.2	2,309	3.9
Fabricated Metals	5,607	892	8.2	0.3	4,715	7.9
Other Machinery	7,830	1,251	11.5	0.5	6,580	11.0
Electronic Machinery	2,017	253	2.9	-0.1	1,764	3.0
Communication	3,457	337	5.0	-0.2	3,120	5.2
Automobiles	3,327	340	4.9	-0.1	2,987	5.0
Other Manufacturing	9,332	1,233	13.6	0.0	8,099	13.6
Construction	4,592	669	6.7	0.1	3,923	6.6
(Project Financing)	(1,189)	(116)	(1.7)	(-0.1)	(1,073)	(1.8)
Wholesale & Retail Trade	10,558	1,287	15.4	-0.2	9,272	15.6
Lease & Rental Trade	4,679	1,085	6.8	0.8	3,593	6.0
Others	4,959	341	7.2	-0.5	4,618	7.7
Lodging & Dining	619	28	0.9	-0.1	591	1.0
Transportation	806	126	1.2	0.1	680	1.1
Other Services ¹⁾	3,535	188	5.1	-0.5	3,347	5.6
	68,563	8,915	100.0	0.0	59,648	100.0
(Loans made out to different provisions criteria)	(20,447)	(3,068)	(29.8)		(17,379)	(29.1)

• SME loans (including F/X loans)

1) Agriculture, forestry, fishery, mining, electricity/gas/water, education, government services, financing/insurance, etc.

ABS Details

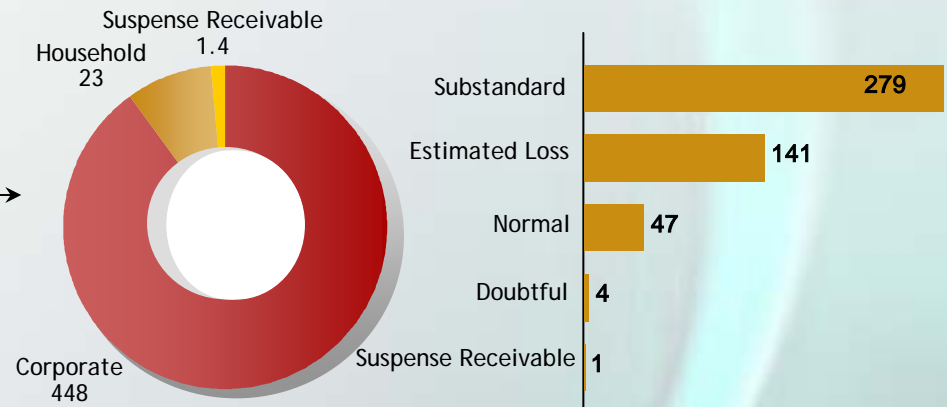
Details on 11th ABS Issue (Dec. 2007)

(W bn)	Gains from ABS Issue
Size of loans sale (A)	472
Revenue from loan sale (B)	350
Senior bon (Cash)	215
Subordinated bond	135
Provisioning ¹⁾ (C)	14
Gain from loan sales (D=B+C-A)	-108
Recoveries from Provisioning ²⁾ (E)	182
Valuation loss from sub-bond (F)	-62
Gain/Loss to PL (G = D+E+F)	12

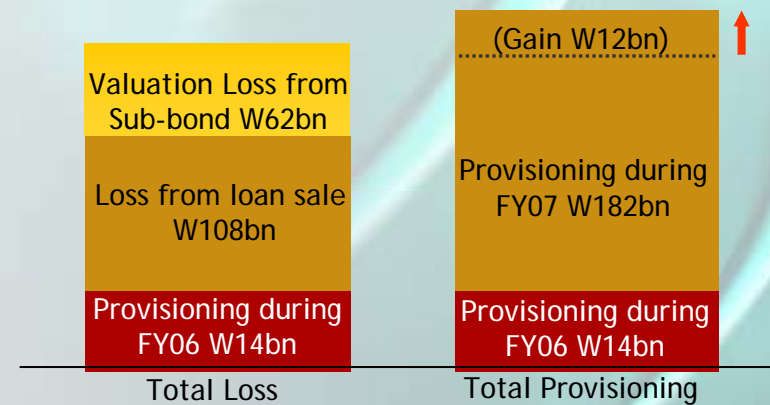
1) Provisioning (C) = Provisioning as of year end 2006 related to loan sale

2) Recoveries from provisioning (E) = Provisioning as of year end 2007 related to loan sale

Loan Sale Breakdown (W bn)



Gain from ABS Issue W12bn



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