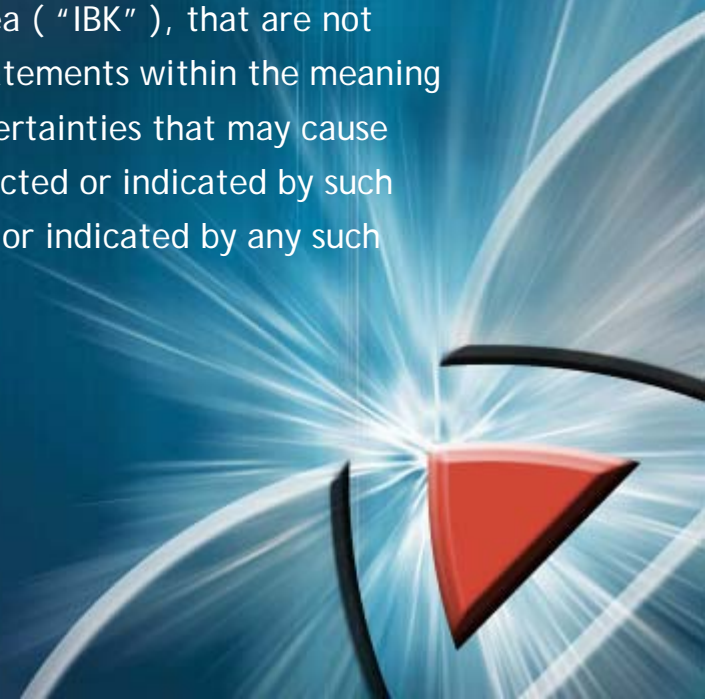


Financial Results for First Half of 2008

July 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.
- 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
- II. Profitability
- III. Loans/Deposits
- IV. Asset Quality
- V. Capital Adequacy
- VI. Appendix



I . Financial Highlights

Profitability

- 2Q net income exceeded market consensus by 16.4% (FnGuide Consensus W242.4bn)
- 1H net income increased by 5.0% YoY to W607.3bn (excl. Gains on LG Card share disposal)
- Enhanced NIM management led to continued increase in interest income
- Posted solid increase in fee income (5.1% QoQ, 19.3% YoY)

Growth

- SME loans showed stable growth (YTD 7.4%) by industry as well as by credit rating
- Proportion of economically sensitive industries decreased
(Construction, Property/Lease & Rental, Dining/Lodging, etc.)
- Household loans grew by 3.9% YTD in line with the market average of 3.7%

Asset Quality

- 1H total delinquency ratio recorded at 0.54%
- 1H substandard & below ratio recorded at 0.76%

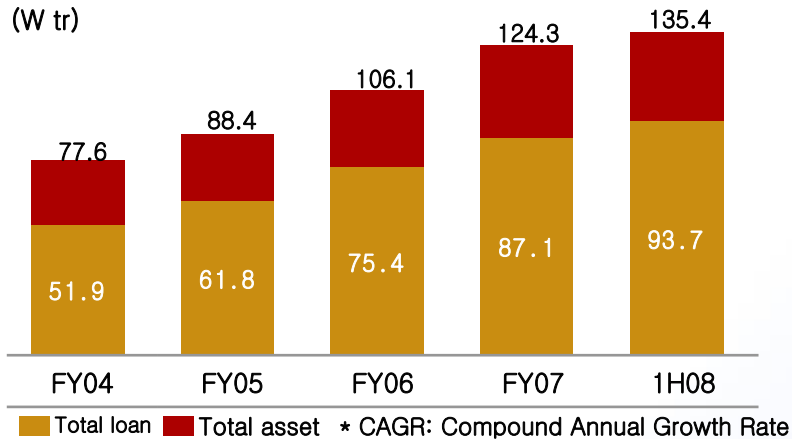
Productivity

- Net income per employee increased by 0.9% YTD to W180mm
- Assets per employee increased by 5.0% YTD to W19.81bn

Financial Highlights

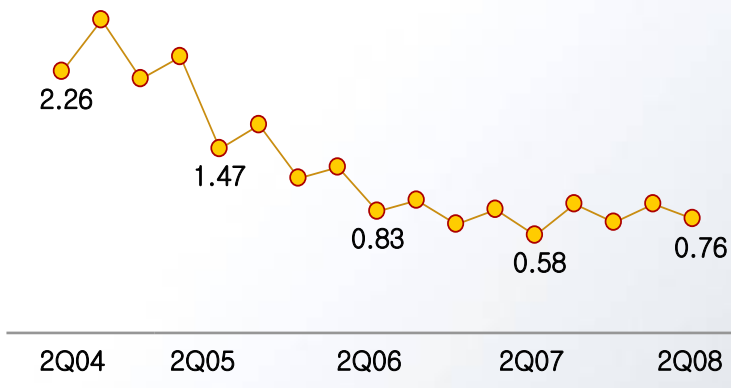
Total Asset CAGR 14.9%

(W tr)



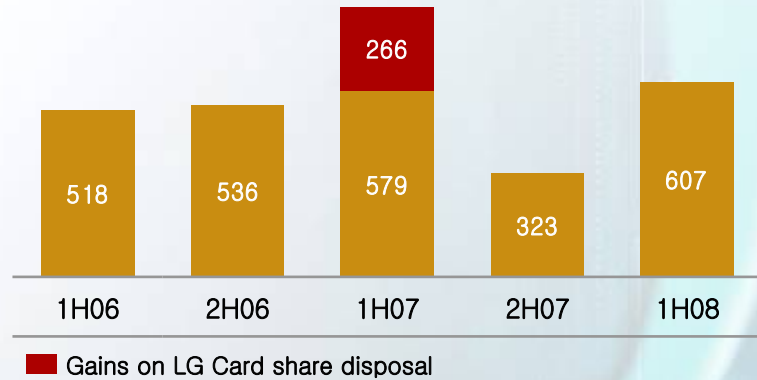
Substandard & Below Ratio

(%)



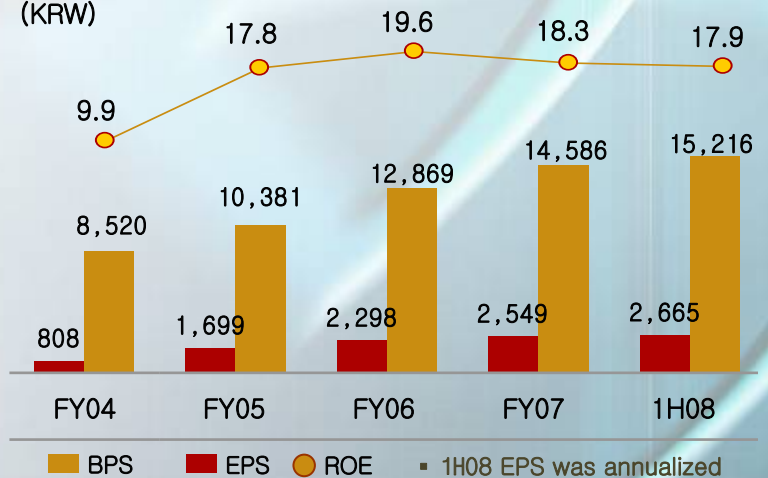
Net Income

(W bn)



Shareholder Value

(KRW)



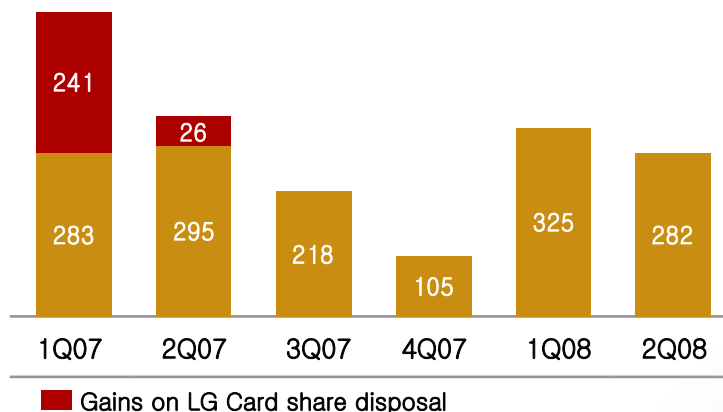
II . Profitability

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

Income Statement

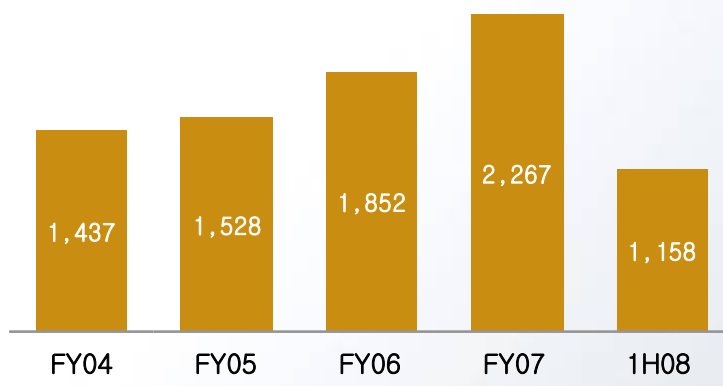
Recovering Net Income

(W bn)



Pre-provisioning Operating Income

(W bn)



(W bn)	2Q08	QoQ	1Q08	1H08	YoY	1H07
Net Interest Income	785.6	4.3%	753.4	1,539.0	12.1%	1,372.9
Net Non-Interest Income	70.6	-69.7%	232.8	303.5	-50.1%	607.9 ¹⁾
SG&A Expenses	384.2	28.1%	300.0	684.2	10.2%	621.1
Pre-Provisioning Operating Income	472.0	-31.2%	686.3	1,158.3	-14.8%	1,359.6
Net Provisioning ²⁾	86.0	-66.2%	254.8	340.8	40.8%	242.0
Operating Income	386.1	-10.5%	431.4	817.5	-26.9%	1,117.7
Non-Operating Income	5.8	-49.4%	11.5	17.4	-55.9%	39.5
Pre-tax Profit	391.9	-11.5%	443.0	834.9	-27.9%	1,157.2
Income Tax	109.7	-7.0%	117.9	227.5	-27.1%	312.2
Net Income	282.2	-13.2%	325.1	607.3	-28.1%	845.0

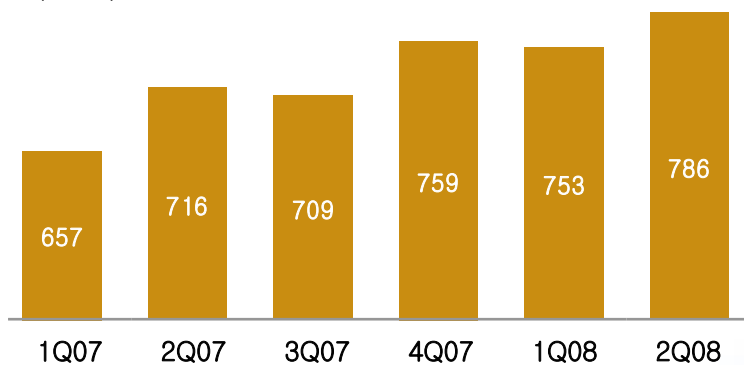
1) Including gains on LG Card share disposal W367.7bn(Net of tax W266.5bn)

2) Refer to page 17 for details of net provisioning

Net Interest Income

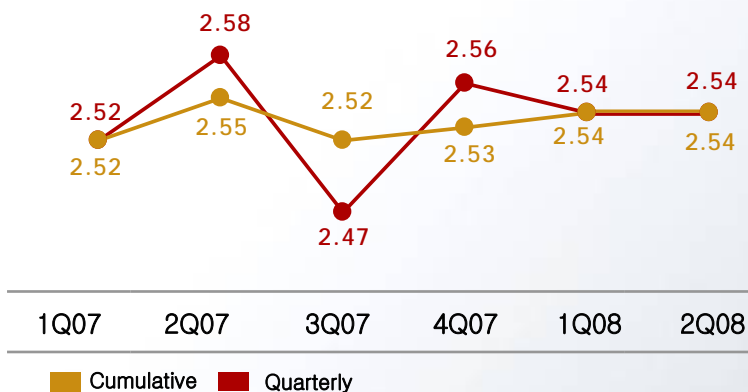
Net Interest Income

(W bn)



NIM Trend

(%)



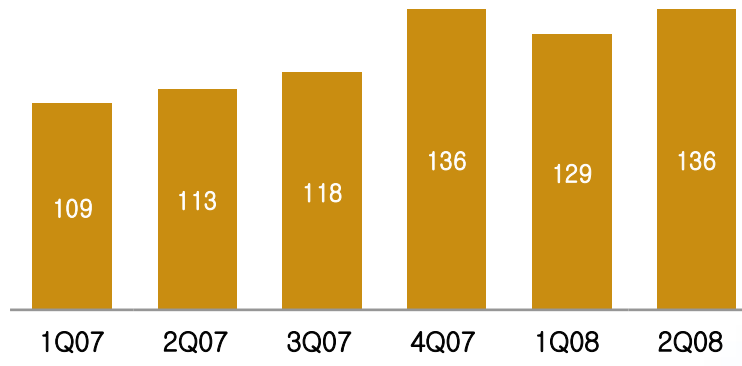
(W bn)	2Q08	QoQ	1Q08	1H08	YoY	1H07
Interest Income	2,010.8	3.8%	1,937.1	3,947.9	21.8%	3,240.7
Loans	1,572.9	3.6%	1,518.6	3,091.5	23.4%	2,506.0
Credit Card Receivables	129.6	9.0%	118.9	248.5	12.9%	220.1
(Credit Purchase)	106.4	11.6%	(95.3)	201.7	18.0%	(170.9)
Securities	245.0	5.3%	232.7	477.7	17.5%	406.6
Other Loans, Dues, etc.	63.3	-5.4%	66.9	130.2	20.7%	107.9
Interest Expenses	1,225.2	3.5%	1,183.7	2,408.9	29.0%	1,867.8
Deposits	304.2	4.2%	291.9	596.1	19.0%	500.9
SMIF Bonds, etc.	921.0	3.3%	891.7	1,812.8	32.6%	1,366.9
Net Interest Income	785.6	4.3%	753.4	1,539.0	12.1%	1,372.9

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

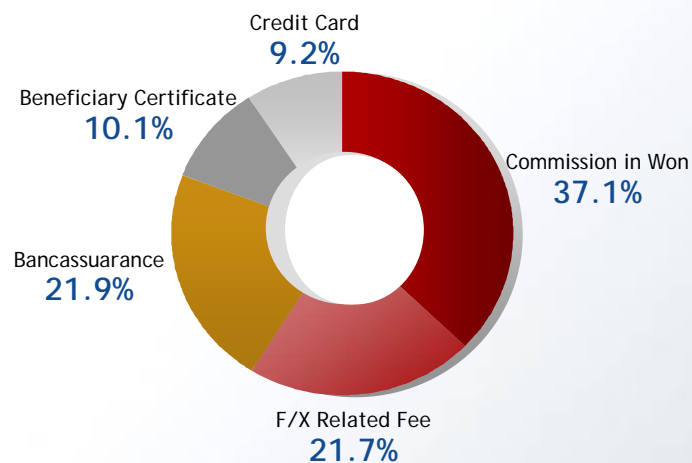
Net Non-interest Income

Stable Fee Income

(W bn)



Breakdown of Fee Income



(W bn)	2Q08	QoQ	1Q08	1H08	YoY	1H07
Fee Income	135.7	5.1%	129.1	264.8	19.3%	222.0
Commission in Won	50.4	4.6%	48.2	98.6	13.7%	86.7
F/X Related Fee	29.5	11.3%	26.5	56.0	11.1%	50.4
Bancassurance	29.7	2.8%	28.9	58.6	28.0%	45.8
Credit Card	12.4	0.8%	12.3	24.8	5.5%	23.5
Beneficiary Certificate	13.8	5.3%	13.1	26.9	71.5%	15.7
Securities Related Gain	28.9	-75.6%	118.5	147.5	-74.7%	582.7 ¹⁾
Gain/Loss on disposal of Loans	-73.2	-1,422.3%	5.5	-67.7	-41.0%	-48.0
Others ²⁾	-28.5	-12.6%	-25.3	-53.8	66.5%	-160.5
Trust Income	7.6	49.5%	5.1	12.7	7.6%	11.8
Net Non-Interest Income	70.6	-69.7%	232.8	303.5	-50.1%	607.9

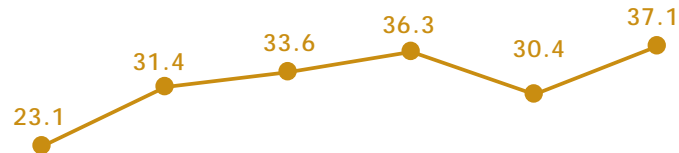
1) Including gains on LG Card share disposal W367.7bn (net of tax W266.5bn)

2) Contributions to Credit Guarantee Fund, Deposit Insurance Premium, Gain/Loss from F/X transactions & Derivatives, etc.

SG&A Expenses & Non-operating Income

Cost Income Ratio

(%)



1Q07 2Q07 3Q07 4Q07 1Q08 2Q08

SG&A Expenses

(W bn)



1Q07 2Q07 3Q07 4Q07 1Q08 2Q08

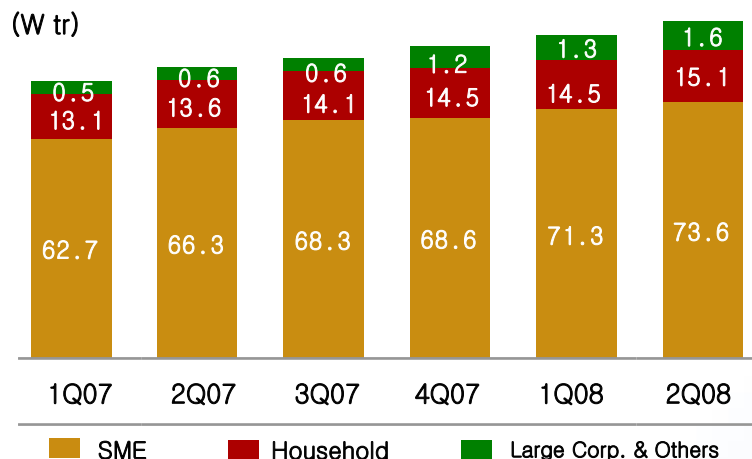
(W bn)	2Q08	QoQ	1Q08	1H08	YoY	1H07
SG&A Expenses	384.2	28.1%	300.0	684.2	10.2%	621.1
Salaries	194.1	34.5%	144.3	338.4	9.7%	308.4
Administrative Expenses	172.5	12.3%	153.6	326.1	13.6%	287.1
(Depreciation)	(25.5)	(10.4%)	(23.1)	(48.5)	(4.7%)	(46.3)
Provisioning for Severance Pay	17.6	754.9%	2.1	19.7	-23.1%	25.6
Non-Operating Income	5.8	-49.4%	11.5	17.4	-55.9%	39.5
Equity Method Gain	7.3	-34.2%	11.1	18.4	-36.1%	28.8
Other Non-Operating Income	-1.4	-421.2%	0.5	-1.0	-109.3%	10.7

III . Loans/Deposits

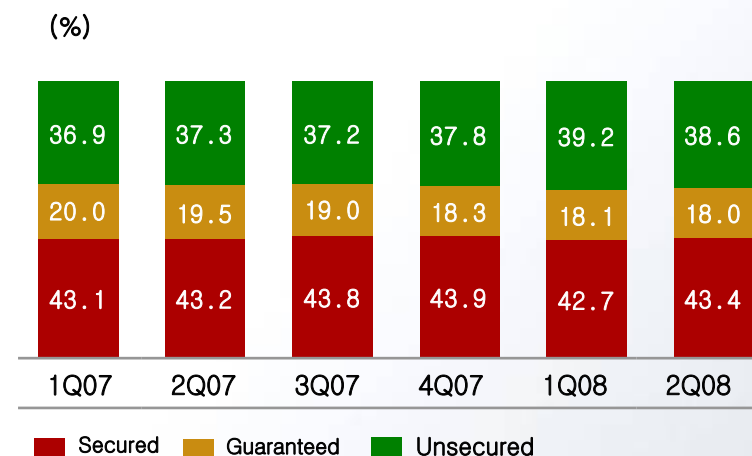
1. Loan Portfolio
2. Deposit Structure

Loan Portfolio

Continuous Loan Growth



Stable Collateral Status (SME Loans)



Loan Portfolio		2Q08	QoQ	1Q08	YTD	4Q07
(W bn)	SME	73,645.7	3.3%	71,265.9	7.4%	68,563.4
	Household ¹⁾	15,083.9	3.8%	14,529.6	3.9%	14,517.2
	Large Corp.	1,224.3	34.1%	913.0	38.4%	884.7
	Others	340.8	0.4%	339.6	-4.9%	358.5
	Total	90,294.7	3.7%	87,048.1	7.1%	84,323.8
Household Loans		2Q08	QoQ	1Q08	YTD	4Q07
(W bn)	General Household Loans	13,707.1	3.3%	13,275.5	3.1%	13,289.7
	(Home Equity Loans)	6,389.3	0.3%	6,372.4	-1.1%	6,457.5
	Housing Loans	1,292.8	10.8%	1,167.3	13.8%	1,136.3
	Total	14,999.9	3.9%	14,442.8	4.0%	14,426.0
	(Housing-related Loan)	(51.2%)	(-1.0%p)	(52.2%)	(-1.4%p)	(52.6%)

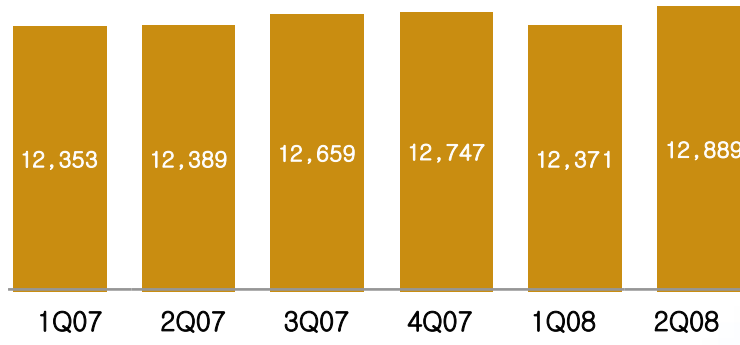
■ Loan portfolio mix : SME 81.6%, Household 16.7%

1) Including card loans

Deposit Structure

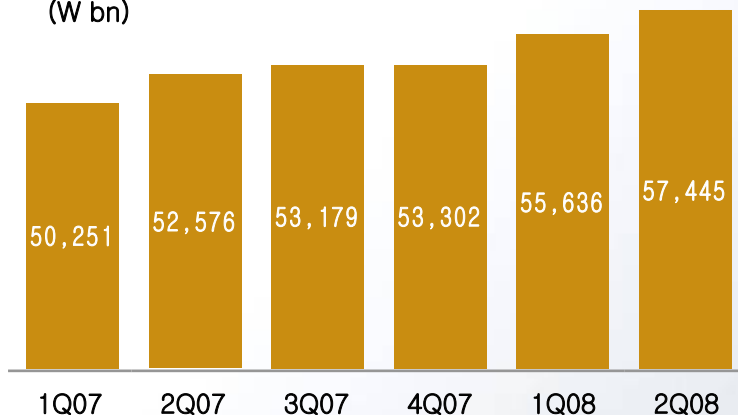
Stable Core deposits

(W bn)



Retail Funding

(W bn)



(W bn)	2Q08	QoQ	1Q08	YTD	4Q07
Demand Deposits	7,122.0	6.5%	6,686.1	1.7%	7,000.9
Savings Deposits	21,330.0	4.8%	20,362.4	4.9%	20,330.5
Demand + Savings Deposits	28,452.0	5.2%	27,048.5	4.1%	27,331.4
CD, Cover Bills, etc	14,595.4	3.5%	14,100.2	7.8%	13,539.1
SMIF Bonds	45,614.0	5.3%	43,322.7	11.7%	40,835.3
<i>(SMIF sold over the counter)</i>	<i>(17,099.6)</i>	<i>(4.6%)</i>	<i>(16,344.6)</i>	<i>(21.0%)</i>	<i>(14,129.1)</i>
Sub-Total	88,661.4	5.0%	84,471.4	8.5%	81,705.9
Trust ¹⁾	5,463.8	-3.4%	5,658.4	-14.6%	6,398.0
Total Deposits	94,125.2	4.4%	90,129.8	6.8%	88,103.8
Core Deposits ²⁾	12,889.1	4.2%	12,371.1	1.1%	12,746.8

▪ Based on B/S monthly average balance

1) Money Trust (excluding beneficiary certificates)

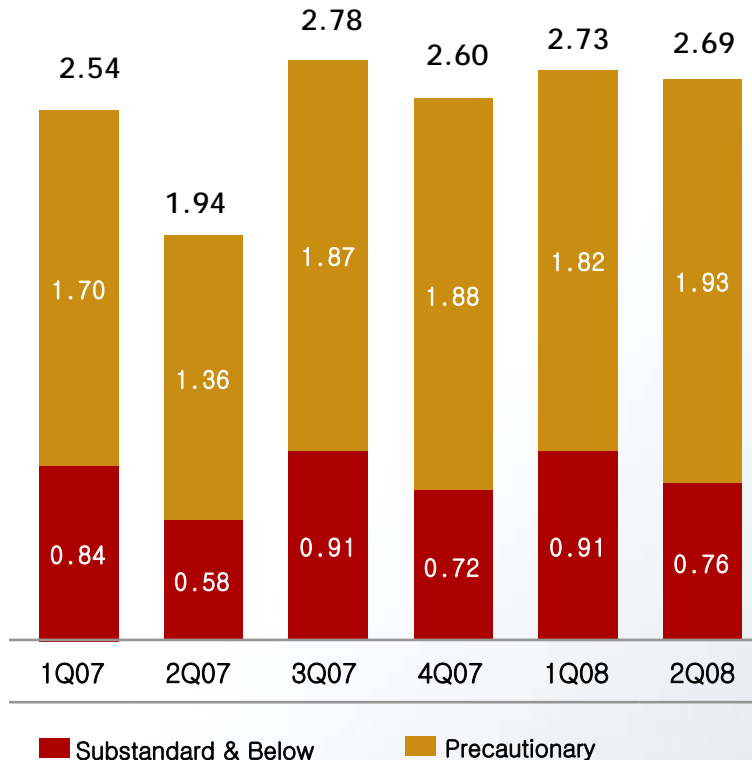
2) Core deposits : Corporate Free Savings Deposits + Savings Deposits + Demand Deposits (excluding MMDA)

IV. Asset Quality

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

Precautionary & Below

(%)

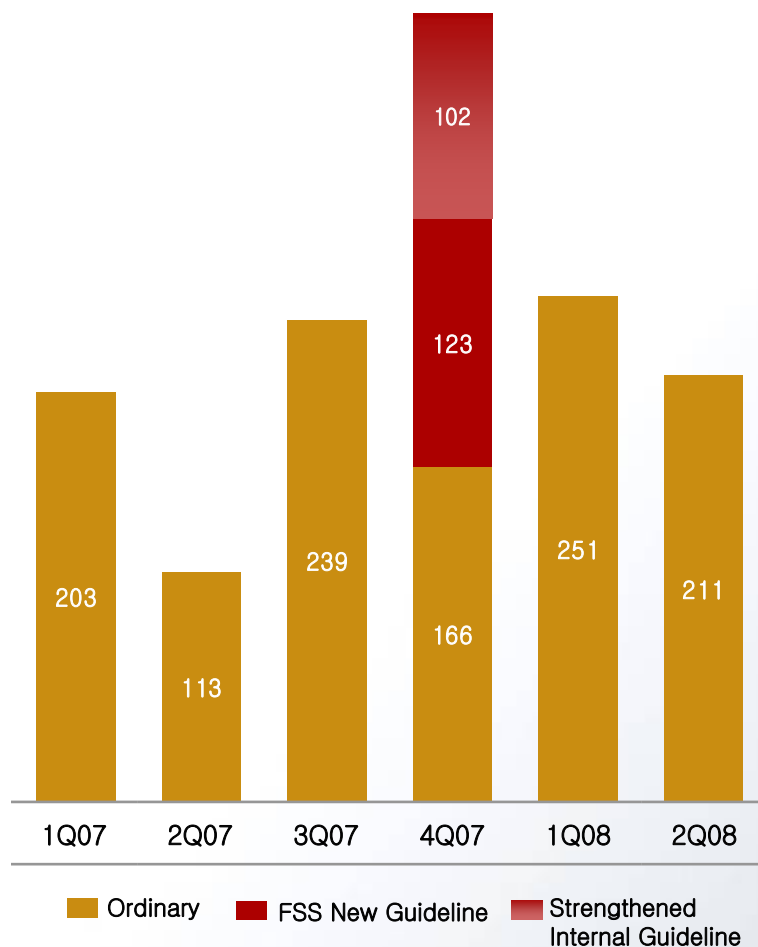


(W bn)	2Q08	QoQ	1Q08	YoY	2Q07
Normal	97,286.6	4.6%	93,021.8	13.2%	85,977.3
Precautionary	1,932.3	11.3%	1,735.9	61.6%	1,195.8
Substandard	494.5	-6.1%	526.5	42.9%	346.0
Doubtful	114.8	-0.9%	115.8	62.8%	70.5
Estimated Loss	147.8	-35.9%	230.5	67.8%	88.1
Total	99,976.0	4.5%	95,630.5	14.0%	87,677.7
Substandard & Below	757.1	-13.3%	872.8	50.0%	504.6
Substandard & Below(%)	0.76%	-0.15%p	0.91%	0.18%p	0.58 %
Loan Loss Reserves ¹⁾	1,463.7	-2.8%	1,505.4	42.1%	1,030.4
Loan Loss Reserves/ Substandard & Below(%)	193.3%	20.8%p	172.5%	-10.9%p	204.2%
Write-offs (Quarterly)	82.9	4.3%	79.5	-1.9%	84.5

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

Provisioning

(W bn)



(W bn)	FY08		FY07		FY07		Total
	1Q	2Q	1Q	2Q	3Q	4Q	
Corporate	216.8	197.5	180.5	102.4	221.6	385.0	889.6
Provisions	215.6	204.1	167.3	112.3	226.5	381.9	888.1
Others (Unused Credit Line)	1.2	-6.6	13.2	-9.9	-4.9	3.1	1.5
Household	6.7	7.8	9.6	5.8	9.2	2.5	27.1
Provisions	6.5	7.7	9.0	5.7	9.0	3.0	26.7
Others (Unused Credit Line)	0.2	0.1	0.6	0.1	0.2	-0.5	0.4
Credit Card	27.8	5.9	12.9	4.9	8.4	3.7	29.8
Provisions	18.4	16.7	12.3	8.4	4.3	10.3	35.3
Others (Unused Credit Line)	9.4	-10.8	0.6	-3.5	4.1	-6.7	-5.5
Sub-total	251.3	211.2	203.0	113.1	239.2	391.2	946.5
Recoveries Related to ABS & Other Provisions	3.5	-125.2	0.9	-75.1	0	-160.5	-234.7
Total	254.8	86.0	203.9	38.0	2,392	230.7	711.8

Delinquency Trend by Sector

	(%)	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
Corporate	Reported	1.25	0.69	0.93	0.51	0.63(0.89)	0.31(0.44)	0.57(0.85)	0.38(0.56)	0.65(0.95)	0.38(0.60)
	Adjusted	1.35	1.31	1.54	1.44	0.68(0.95)	0.82(0.95)	1.09(1.37)	1.37(1.55)	0.78(1.08)	1.00(1.22)
Household	Reported	0.53	0.28	0.35	0.18	0.25(0.29)	0.14(0.16)	0.26(0.29)	0.12(0.13)	0.25(0.28)	0.14(0.16)
	Adjusted	0.56	0.50	0.56	0.45	0.27(0.31)	0.25(0.30)	0.42(0.43)	0.46(0.47)	0.27(0.30)	0.31(0.33)
Credit Card (+ 1 Month)		1.87	1.49	1.55	1.23	1.21	0.95	1.17	1.12	1.16	1.25

▪ Since 2007 delinquency is defined as loans where principals or interests are one month past due

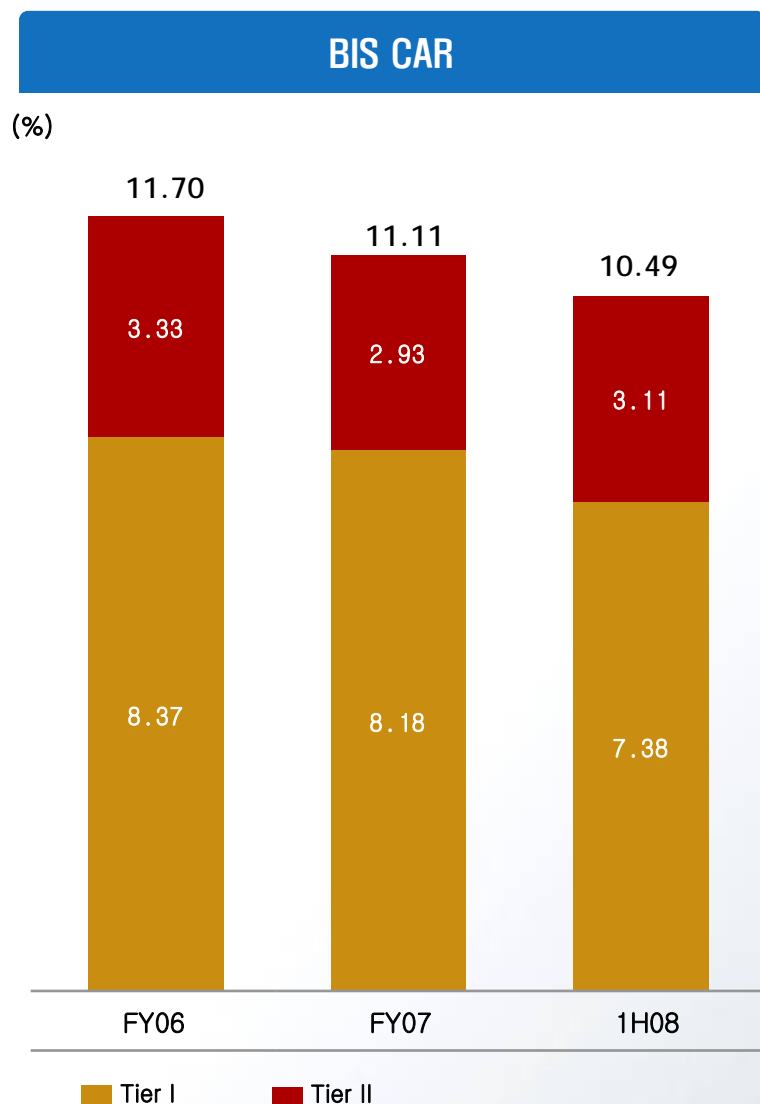
() is delinquency ratio where principals are one day past due

Delinquency Ratio Trend



V . Capital Adequacy

Capital Adequacy



(W bn)	1H08 (Basel II)	FY07 (Basel I)
Tier 1	70,667	67,007
Paid-in Capital	22,914	22,914
Capital Surplus	68	68
Retained Earnings	42,949	39,502
Hybrid Capital	6,000	6,000
Minority Interest	1,433	1,516
Tier 2	29,826	23,993
Loan Loss Reserve	11,149	10,301
45% of Gains on Valuation of Investment Securities	2,376	2,036
Subordinated Bond	17,017	13,091
Total	100,493	91,000
Risk-weighted Assets	957,551	819,293
BIS CAR (%)	10.49	11.11
Tier I Ratio (%)	7.38	8.18
Tier II Ratio (%)	3.11	2.93

▪ 1H08 numbers are all preliminary figures based on Basel II Standardized Approach

VI. Appendix

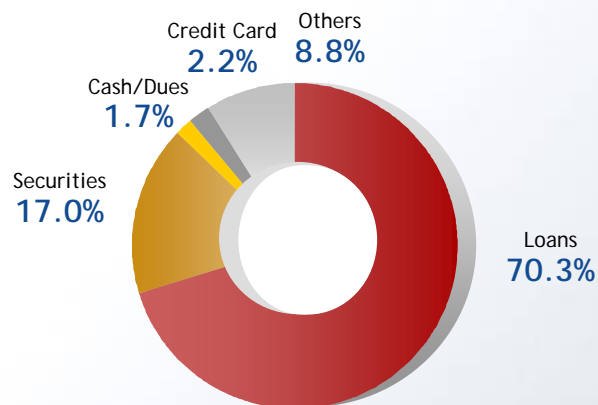
1. Funding & Operations
2. Loans by Industry

Funding & Operations

(W bn)	1H08	FY07
Loans ¹⁾	91,962(70.3%)	85,902(72.0%)
Securities	22,259(17.0%)	21,129(17.7%)
Cash & Dues	2,223(1.7%)	3,564(3.0%)
Credit Card (inc. card loans)	2,825(2.2%)	2,285(1.9%)
Fixed Assets, Call Loans, Bills Bought, etc.	11,505(8.8%)	6,424(5.4%)
Total	130,773(100.0%)	119,304(100.0%)

1) Loans in KRW & F/C + Inter-bank Loans + Advances for Customers

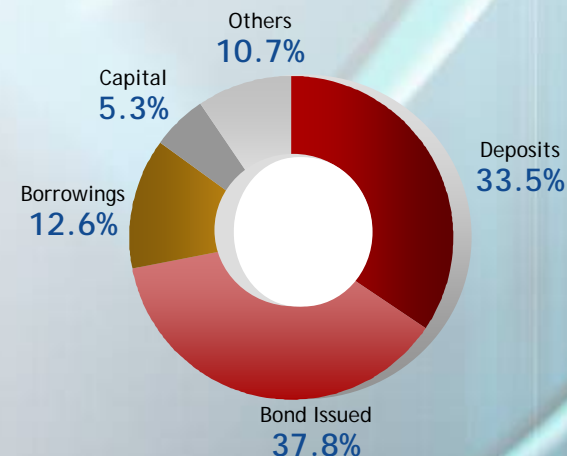
Operations



(W bn)	1H08	FY07
Deposits ¹⁾	43,812(33.5%)	41,243(34.6%)
Bond Issued	49,441(37.8%)	44,584(37.4%)
SMIF Bonds	45,466(34.8%)	40,903(34.3%)
(sold over the counter)	17,483(13.4%)	14,372(12.0%)
Borrowings	16,504(12.6%)	15,517(13.0%)
BOK	1,697(1.3%)	1,833(1.5%)
Gov. & Public Fund	10,806(8.3%)	10,794(9.0%)
F/C	4,001(3.1%)	2,890(2.4%)
Capital	6,973(5.3%)	6,684(5.6%)
Call Money, FC Deposits, etc	14,042(10.7%)	11,276(9.5%)
Total	130,773(100.0%)	119,304(100.0%)

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

Funding



Loans by Industry

(W bn)	1H08				FY07	
	Amount	(YTD)	(%)	(%p)	Amount	(%)
Manufacturing	46,598.1	2,822.2	63.3	-0.6	43,775.9	63.9
Textile	2,143.3	-228.8	2.9	-0.6	2,372.1	3.5
Apparel & Leather	1,376.7	256.3	1.9	0.3	1,120.4	1.6
Chemical Products	2,538.6	186.7	3.5	0.1	2,351.9	3.4
Rubber, Plastic Product	3,908.5	364.9	5.3	0.1	3,543.6	5.2
Basic Metals	3,198.1	380.2	4.3	0.2	2,817.9	4.1
Fabricated Metals	6,236.7	629.3	8.5	0.3	5,607.4	8.2
Other Machinery	8,209.3	379.0	11.1	-0.4	7,830.3	11.5
Electronic Machinery	2,446.8	430.3	3.3	0.4	2,016.5	2.9
Communication	3,975.7	518.8	5.4	0.4	3,456.9	5.0
Automobile	3,581.7	254.6	4.9	0.0	3,327.1	4.9
Other Manufacturing	8,982.7	-349.1	12.2	-1.4	9,331.8	13.6
Construction	4,840.6	248.8	6.6	-0.1	4,591.8	6.7
(Project Financing)	(1,151.5)	(-37.2)	(1.6)	(-0.1)	(1,188.7)	(1.7)
Wholesale & Retail Trade	11,405.0	846.9	15.5	0.1	10,558.1	15.4
Lease & Rental Trade	3,414.5	171.7	4.6	-0.1	3,242.8	4.7
Business Support Service ¹⁾	868.9	-566.8	1.2	-0.9	1,435.7	2.1
Others	6,518.6	1,559.5	8.8	1.6	4,959.1	7.2
Lodging & Dining	624.0	5.5	0.8	-0.1	618.5	0.9
Transportation	863.1	57.5	1.2	0.0	805.6	1.2
Other Services ²⁾	5,031.5	1,496.5	6.8	1.7	3,535.0	5.1
Total	73,645.7	5,082.3	100.0	0.0	68,563.4	100.0

* SME loans (including F/X loans)

1) Information processing, R&D business, Technology Service, etc.

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

3) According to Industry Categorization Change implemented in 1H08, new categories including publishing, media, broadcasting, services were created under 'Other Services'.



누가 언제 어디서 어떤 개인상품을 원하든

IBK 기업은행엔 다 있다



다양한 예금 · 적금
서류없이 쉬운 대출
혜택 뽕뽕한 카드상품
보장 좋은 보험상품에
우대 좋은 환전까지
모두 좋아요!

