

Financial Results for 3Q of 2008

November 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

Financial Highlights

Profitability

- Net Income marked W751.6bn, down 5.6% YoY (excl. gains on LG card share disposal)
- 3Q NIM remained stable at 2.52%
- Non interest income increased 2.2% yoy to W400.6bn (excl. gains on LG card share disposal)

Growth

- Posted balanced growth between total loans and total deposits
- SME loans grew 10.2%(+W7.0tr) YTD, recording 17.4% market share
- Total deposits increased 10.9%(+W8.9tr) YTD, Core deposits remained stable (+0.4% YTD)

Asset Quality

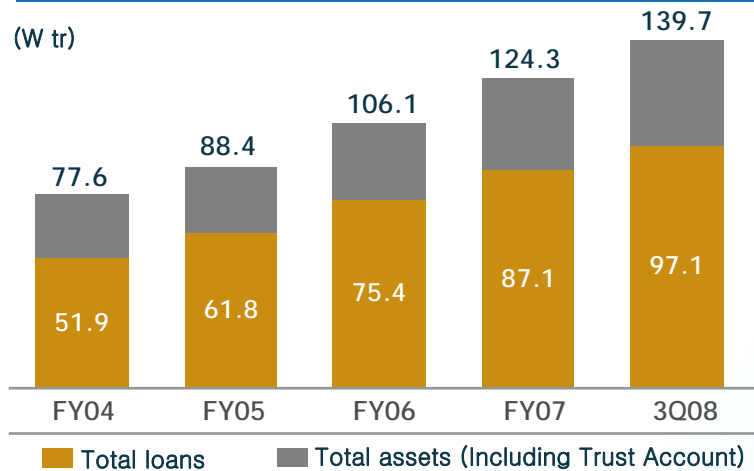
- 3Q delinquency ratio was 0.67%, substandard and below ratio posted 1.22%
- Precautionary and below ratio edged down 3bp QoQ to 1.90%
- Exposure to economically sensitive industries(construction, lodging&dining) declined

Productivity

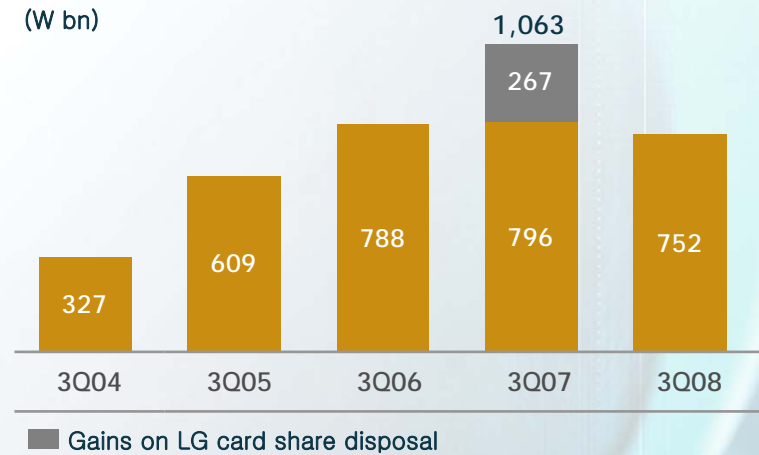
- Maintained solid efficiency with W150mn net income per employee
- Industry-low cost income ratio of 37.4%
- Implementing cost saving measures (e.g. budget reduction, energy conservation)

Financial Highlights

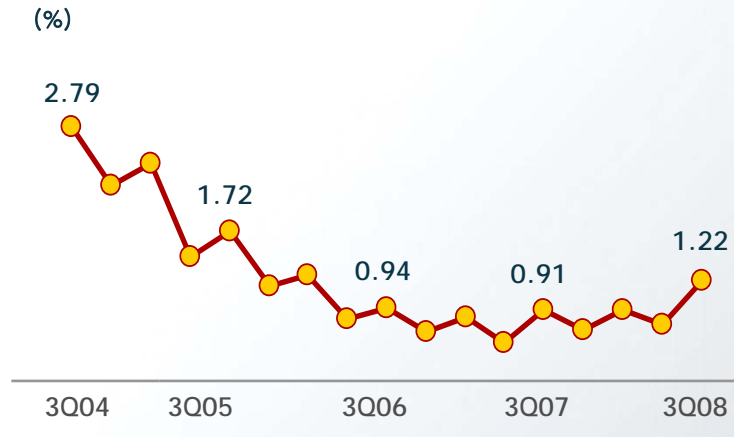
Total Assets



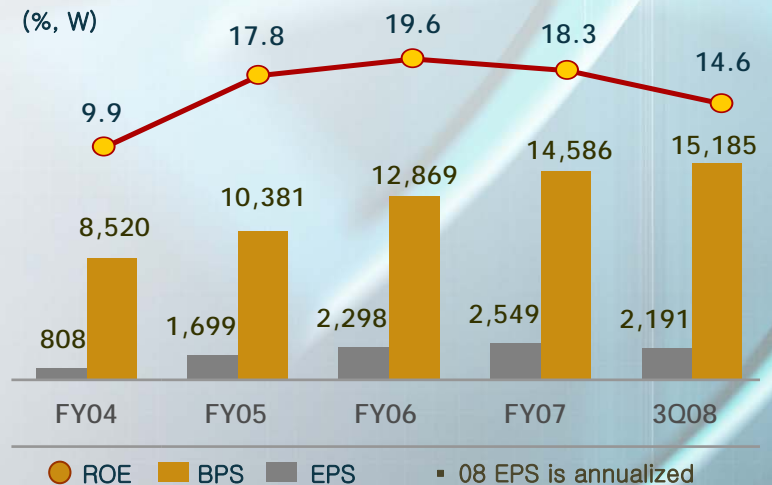
Net Income



Substandard & Below Ratio



Shareholder Value



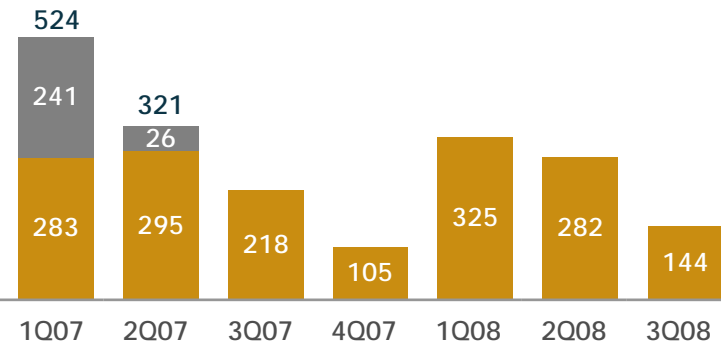
II . Profitability

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

Income Statement

Net Income

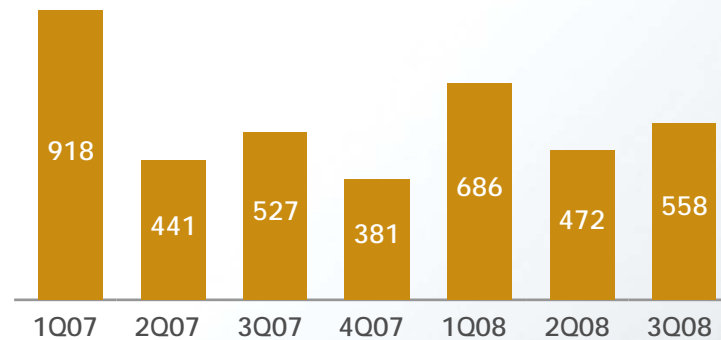
(W bn)



■ Gains on LG Card share disposal

Pre-provisioning Operating Income

(W bn)



(W bn)	3Q08	QoQ	2Q08	3Q08 (YTD)	YoY	3Q07 (YTD)
Net Interest Income	802	2.0%	786	2,341	12.4%	2,082
Net Non-Interest Income	97	36.8%	71	401	-47.3%	760 ¹⁾
SG&A Expenses	341	-11.2%	384	1,025	7.3%	955
Pre-Provisioning Operating Income	558	18.2%	472	1,716	-9.1%	1,887
Net Provisioning ²⁾	357	315.3%	86	698	45.1%	481
Operating Income	201	-47.9%	386	1,018	-27.5%	1,405
Non-operating Income	-3	-154.0%	6	14	-72.6%	50
Pre-tax Income	198	-49.5%	392	1,033	-29.0%	1,455
Income tax	53	-52.0%	110	281	-28.3%	392
Net Income	144	-48.9%	282	752	-29.3%	1,063

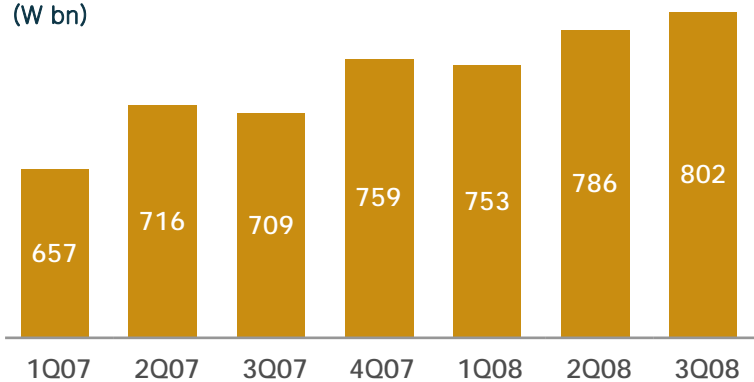
1) Including gains on LG card share disposal of W367.7bn (net of tax W266.5bn)

2) Refer to page 10 for details of net provisioning

Net Interest Income

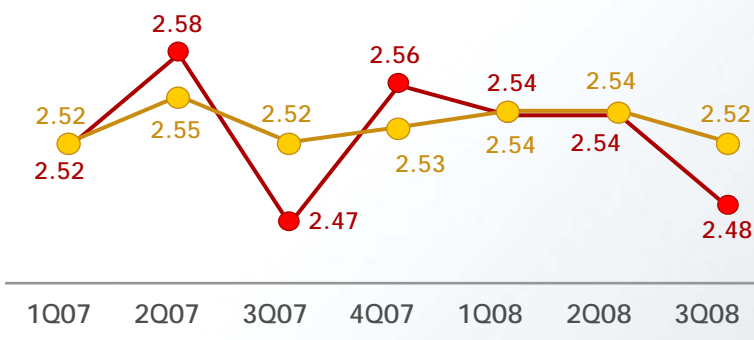
Net Interest Income

(W bn)



NIM Trend

(%)



■ Cumulative ■ Quarterly

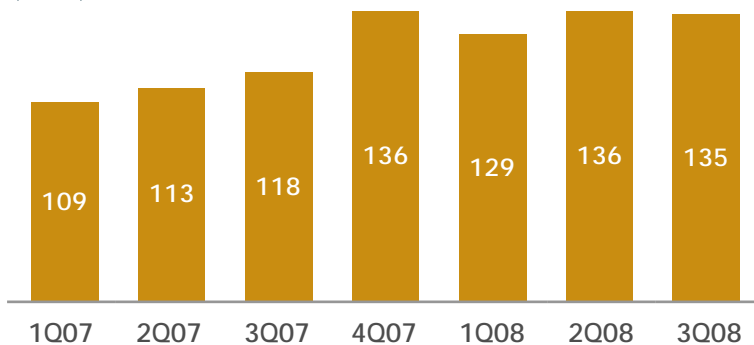
(W bn)	3Q08	QoQ	2Q08	3Q08 (YTD)	YoY	3Q07 (YTD)
Interest Income	2,103	4.6%	2,011	6,050	20.9%	5,004
Loans	1,670	6.2%	1,573	4,761	22.6%	3,883
Credit Card Receivables	117	-10.0%	130	366	13.3%	323
(Credit Purchase)	(96)	(-9.4%)	(106)	(297)	(19.2%)	(249)
Securities	249	1.6%	245	727	15.4%	630
Other Loans, Dues, etc.	66	4.7%	63	197	16.6%	169
Interest Expenses	1,301	6.2%	1,225	3,710	27.0%	2,922
Deposits	320	5.3%	304	916	19.0%	770
SMIF Bonds, etc	981	6.5%	921	2,794	29.8%	2,152
Net-Interest Income	802	2.0%	786	2,341	12.4%	2,082

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

Net Non-interest Income

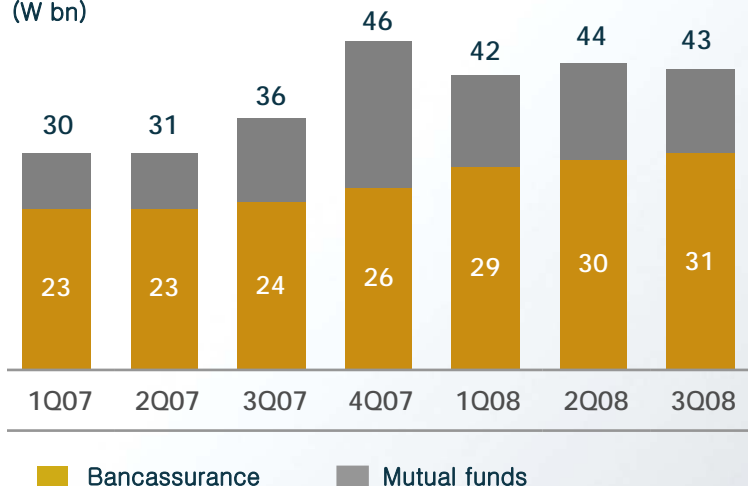
Stable Fee Income

(W bn)



Fees on Insurance & Fund Sales

(W bn)



(W bn)	3Q 08	QoQ	2Q08	3Q08 (YTD)	YoY	3Q07 (YTD)
Fee Income	135	-0.7%	136	400	17.7%	340
Commission in Won	47	-6.0%	50	146	11.5%	131
F/X Related Fee	31	6.8%	29	87	14.5%	76
Bancassurance	31	3.4%	30	89	27.2%	70
Credit Card	14	16.1%	12	39	11.4%	35
Fund Sales	12	-14.5%	14	39	39.5%	28
Securities Related Gain	0	-100.2%	29	148	-77.9%	670 ¹⁾
Gain/Loss on disposal of Loans	0	99.7%	-73	-67	-39.5%	-48
Others ²⁾	-43	-52.6%	-28	-97	56.2%	-221
Trust Income	5	-39.2%	8	17	-10.8%	19
Net Non-Interest Income	97	36.8%	71	401	-47.3%	760

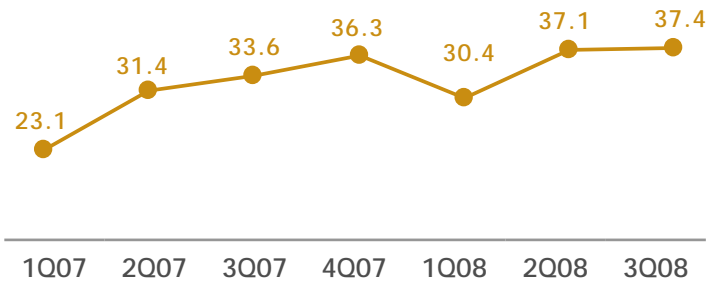
1) Including gains on LG Card share disposal of W367.7bn (net of tax W266.5bn)

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

SG&A Expenses & Non-operating Income

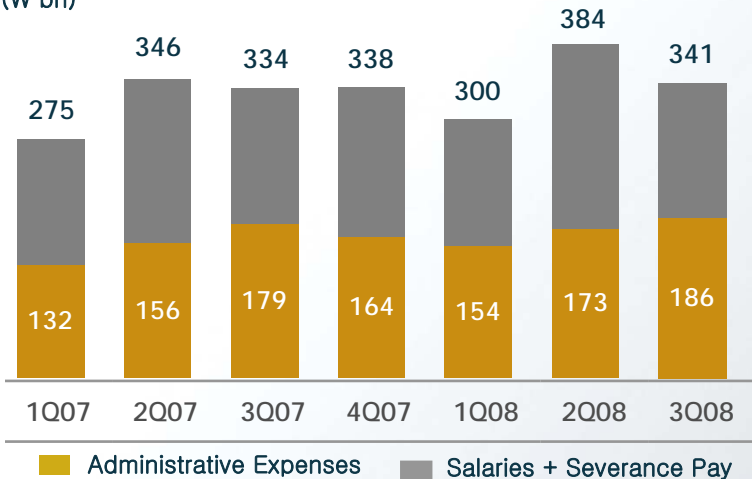
Low Cost Income Ratio

(%)



Effective management of SG&A

(W bn)



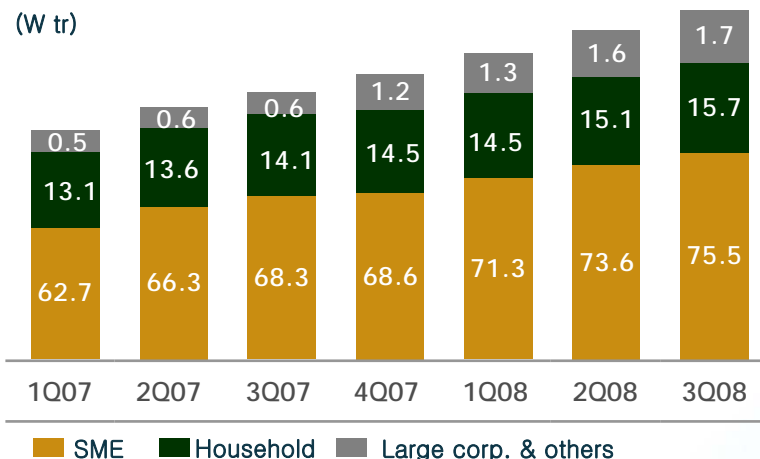
(W bn)	3Q 08	QoQ	2Q08	3Q08 (YTD)	YoY	3Q07 (YTD)
SG&A Expenses	341	-11.2%	384	1,025	7.3%	955
Salaries	137	-29.4%	194	476	6.2%	448
Administrative Expenses	185	7.5%	172	512	9.9%	466
(Depreciation)	(28)	(11.8%)	(25)	(76)	(5.5%)	(72)
Provision for Severance Pay	18	0.0%	18	37	-9.7%	41
Non-Operating Income	-3	-154.0%	6	14	-72.6%	50
Equity Method Gain	-7	-192.4%	7	11	-70.9%	37
Other Non-Operating Income	4	348.5%	-1	3	-77.4%	13

III . Loans/Deposits

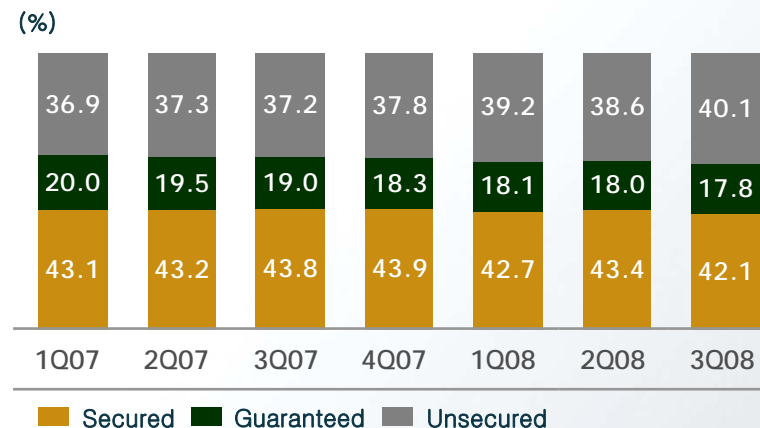
1. Loan Portfolio
2. Deposit Structure

Loan Portfolio

Continuous Loan Growth



Stable Collateral Status [SME Loans]



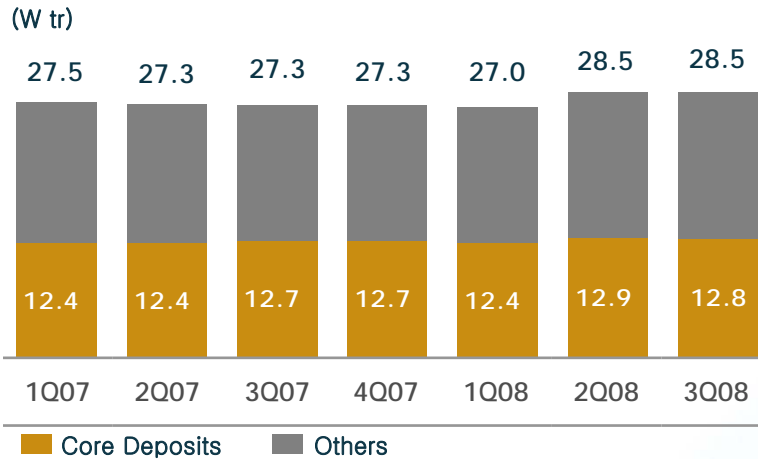
(W bn)	3Q08	QoQ	2Q08	YTD	4Q07
SME	75,530	2.6%	73,646	10.2%	68,563
Working Capital	51,763	1.5%	50,992	8.6%	47,679
Capital Expenditures	23,768	4.9%	22,654	13.8%	20,884
Household ¹⁾	15,650	3.8%	15,084	7.8%	14,517
General Household Loans	14,205	3.0%	13,791	6.2%	13,381
(Home Equity Loans)	(6,468)	(1.2%)	(6,389)	(0.2%)	(6,458)
Housing Loans	1,445	11.8%	1,293	27.2%	1,136
Large Corp.	1,437	17.4%	1,224	62.4%	885
Others	292	-14.4%	341	-18.7%	359
Total	92,910	2.9%	90,295	10.2%	84,324

▪ Loan portfolio mix : SME 81.3%, Household 16.8%

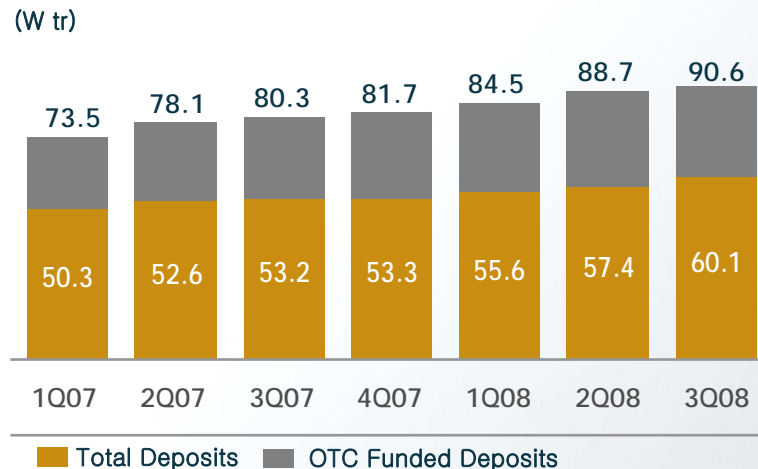
1) Including card loans

Deposit Structure

Stable Core Deposits



Sustained Growth in Deposits



(W bn)	3Q08	QoQ	2Q08	YTD	4Q07
Demand	7,006	-1.6%	7,122	0.1%	7,001
Savings	21,497	0.8%	21,330	5.7%	20,331
Demand + Savings	28,503	0.2%	28,452	4.3%	27,331
CD, Cover Bills, etc	13,402	-8.2%	14,595	-1.0%	13,539
SMIF Bonds	48,714	6.8%	45,614	19.3%	40,835
(Retail SMIF Bonds)	(19,906)	16.4%	(17,100)	40.9%	(14,129)
Sub-Total	90,619	2.2%	88,661	10.9%	81,706
Trust ¹⁾	5,346	-2.2%	5,464	-16.4%	6,398
Total Deposits	95,965	2.0%	94,125	8.9%	88,104
Core Deposits ²⁾	12,797	-0.7%	12,889	0.4%	12,747

▪ Based on B/S monthly average balance

1) Money trust (excluding fund sales)

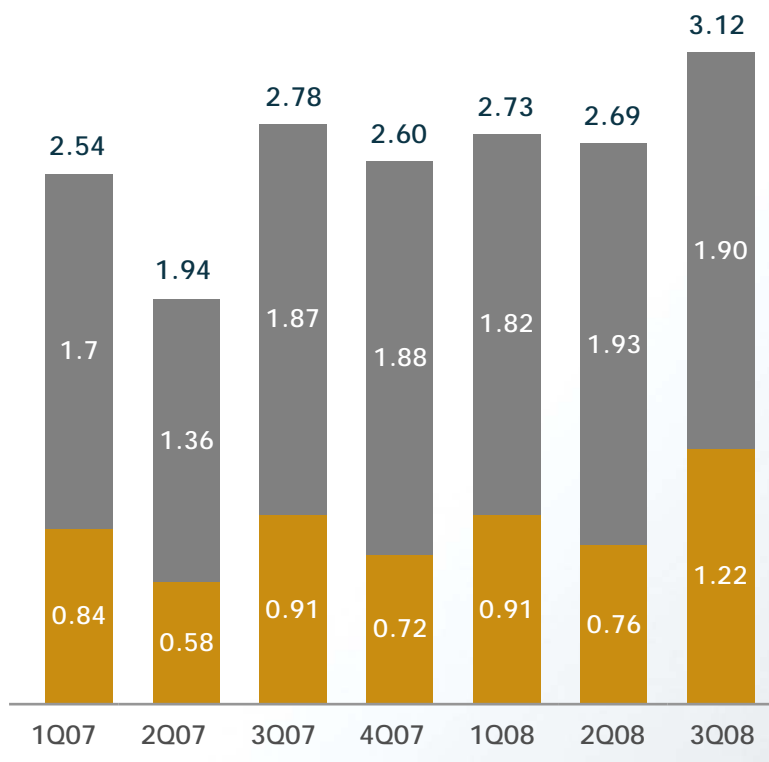
2) Core deposits: Corporate Free Savings+ Deposits+ Savings Deposits + Demand Deposits (excluding MMDA)

IV. Asset Quality

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

Precautionary & Below

(%)



■ Substandard & Below ■ Precautionary

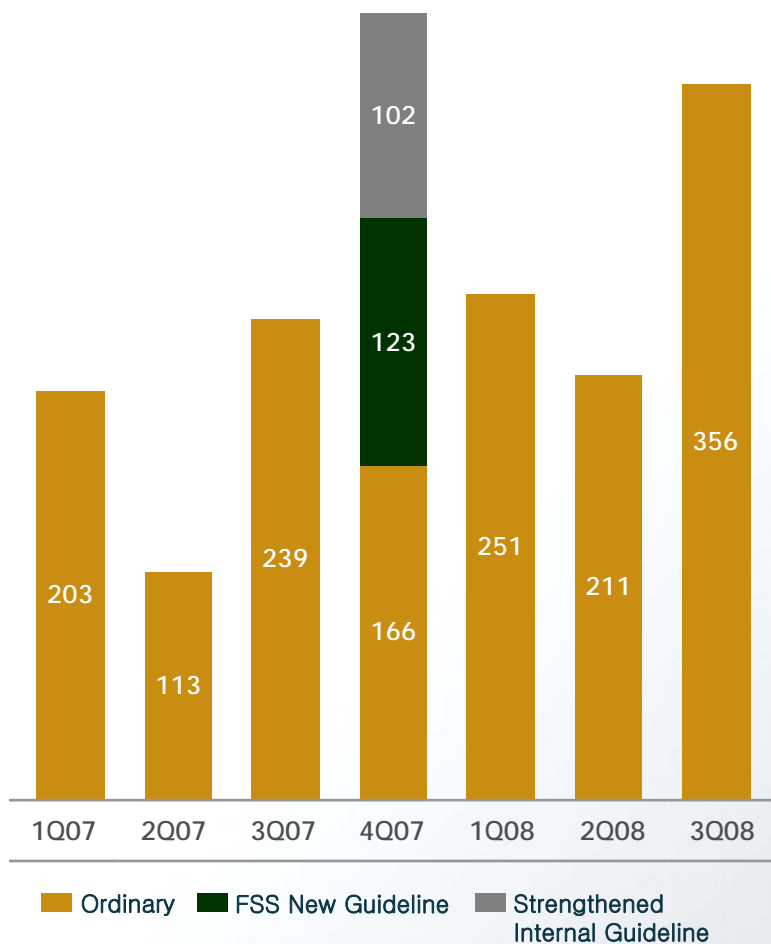
(W bn)	3Q08	QoQ	2Q08	YoY	3Q07
Normal	100,117	2.9%	97,287	14.1%	87,760
Precautionary	1,968	1.8%	1,932	16.6%	1,688
Substandard	816	65.1%	495	45.4%	561
Doubtful	167	45.3%	115	71.4%	97
Estimated Loss	280	89.5%	148	75.5%	160
Total	103,348	3.4%	99,976	14.5%	90,266
Substandard & Below	1,263	66.8%	757	54.4%	818
Substandard & Below(%)	1.22%	0.46%p	0.76%	0.31%p	0.91%
Loan Loss Reserves ¹⁾	1,725	17.8%	1,464	41.4%	1,220
Loan Loss Reserves/ Substandard & Below(%)	136.6%	-56.7%p	193.3%	-12.5%p	149.1%
Write-offs (Quarterly)	98	18.1%	83	60.7%	61

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

Provisions

Provisioning

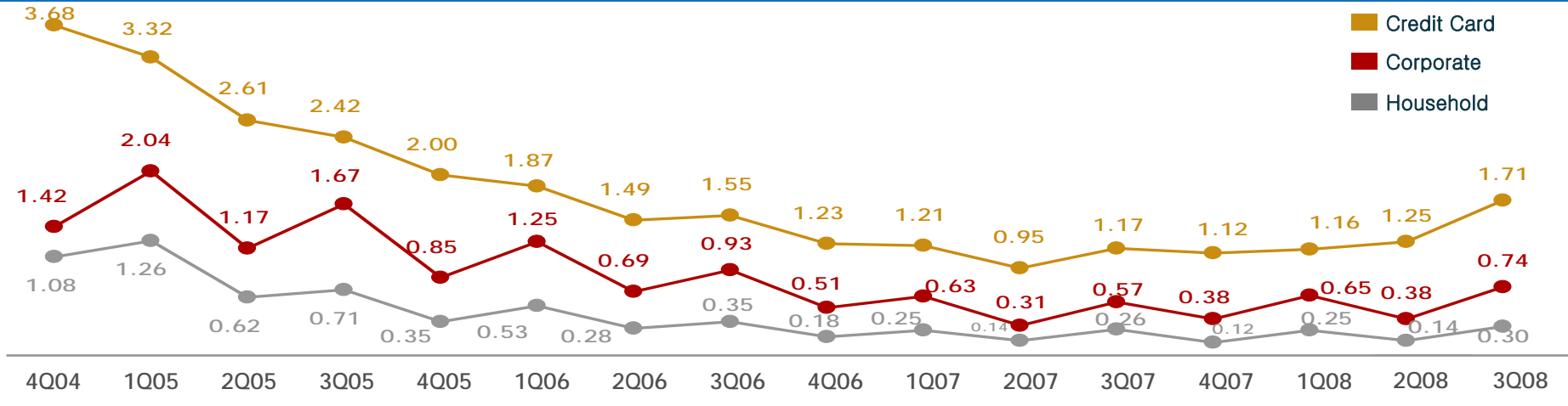
(W bn)



(W bn)	FY08			FY07				Total
	3Q	2Q	1Q	4Q	3Q	2Q	1Q	
Corporate	324.6	197.5	216.8	385.0	221.6	102.4	180.5	889.6
Provisions	313.8	204.1	215.6	381.9	226.5	112.3	167.3	888.1
Others (Unused credit line)	10.8	-6.6	1.2	3.1	-4.9	-9.9	13.2	1.5
Household	15.8	7.8	6.7	2.5	9.2	5.8	9.6	27.1
Provisions	15.6	7.7	6.5	3.0	9.0	5.7	9.0	26.7
Others (Unused credit line)	0.2	0.1	0.2	-0.5	0.2	0.1	0.6	0.4
Credit Card	15.9	5.9	27.8	3.7	8.4	4.9	12.9	29.8
Provisions	11.1	16.7	18.4	10.3	4.3	8.4	12.3	35.3
Others (Unused credit line)	4.8	-10.8	9.4	-6.7	4.1	-3.5	0.6	-5.5
Sub-total	356.3	211.2	251.3	391.2	239.2	113.1	203.0	946.5
Recoveries related to ABS&Other Provisions	1.1	-125.2	3.5	-160.5	0	-75.1	0.9	-234.7
Net Provisionings	357.4	86.0	254.8	230.7	239.2	38.0	203.9	711.8

Delinquency Trend by Sector

Delinquency Ratio Trend



(%)		1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08
Corporate	Reported	1.25	0.69	0.93	0.51	0.63	0.31	0.57	0.38	0.65	0.38	0.74
	Adjusted	1.35	1.31	1.54	1.44	0.68	0.82	1.09	1.37	0.78	1.00	1.40
Household	Reported	0.53	0.28	0.35	0.18	0.25	0.14	0.26	0.12	0.25	0.14	0.30
	Adjusted	0.56	0.50	0.56	0.45	0.27	0.25	0.42	0.46	0.27	0.31	0.46
Credit Card (+1 Month)		1.87	1.49	1.55	1.23	1.21	0.95	1.17	1.12	1.16	1.25	1.71

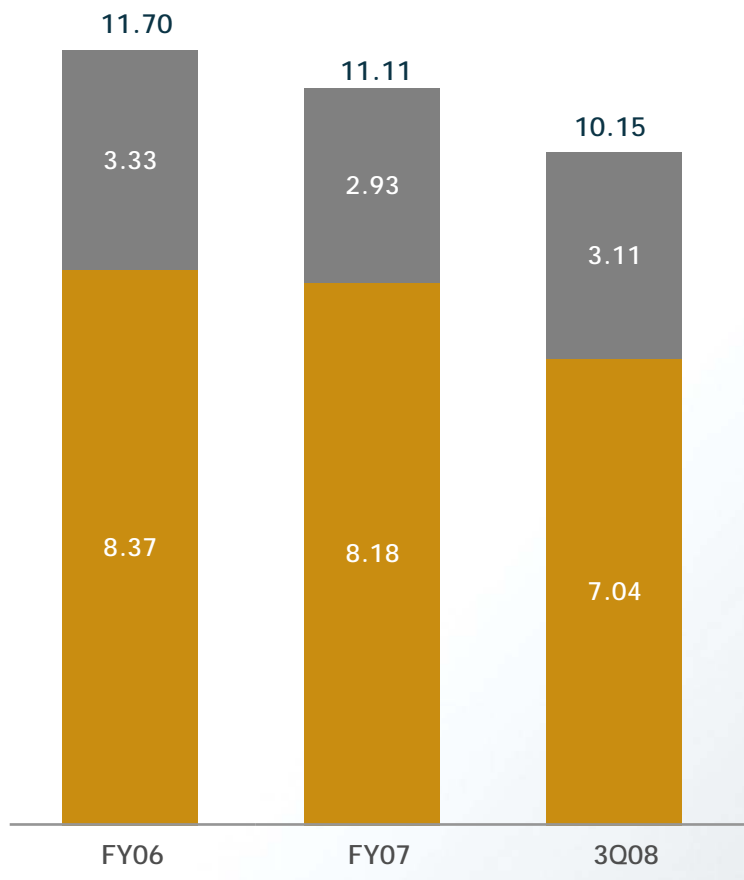
- From FY07 new delinquency ratio criteria applied including loans where principals or interests are one month past due
- Adjusted ratios are pre-ABS & write offs figures

V . Capital Adequacy

Capital Adequacy

BIS CAR

(%)



■ Tier I ■ Tier II

▪ FY06, FY07 figures are based on Basel I

(W bn)	3Q08 (Basel II)	FY07 (Basel I)
Tier I	7,097	6,701
Paid-in Capital	2,291	2,291
Capital Surplus	7	7
Retained Earnings	4,440	3,950
Hybrid Capital	600	600
Minority Interest	144	152
Tier II	3,139	2,399
Loan Loss Reserve	1,260	1,030
45% of Gains on Valuation of Investment Securities	222	204
Subordinated Bond	1,714	1,309
Total	10,236	9,100
Risk-weighted Assets	100,817	81,929
BIS CAR (%)	10.15	11.11
Tier I Ratio (%)	7.04	8.18
Tier II Ratio (%)	3.11	2.93

▪ 3Q08 numbers are all preliminary figures based on Basel II Standardized Approach

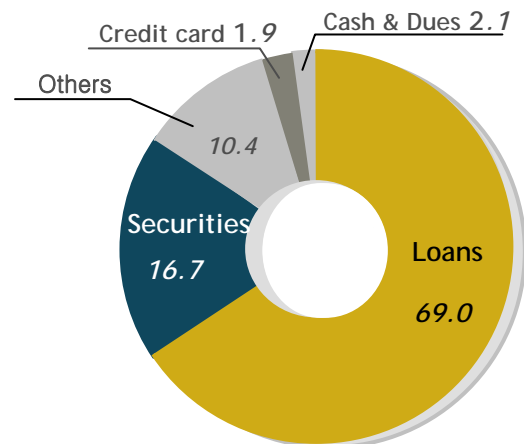
VI. Appendix

1. Funding & Operations
2. Loans by Industry
3. Loan to Deposit Ratio

Funding & Operations

Operations

(%)

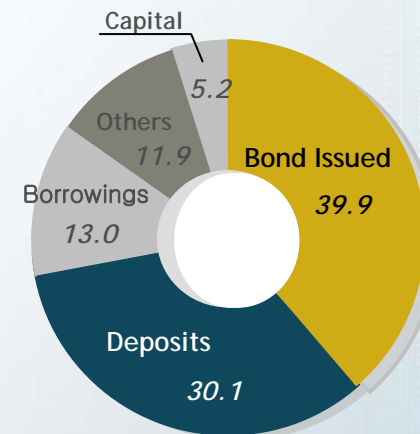


(W bn)	3Q08	FY07
Loans ¹⁾	92,910	84,324
Securities	22,545	21,129
Cash & Dues	2,765	3,564
Credit Card (inc. card loans)	2,510	2,285
Fixed Assets, Call Loans, Bills Bought, etc	14,009	8,003
Total	134,740	119,304

1) Loans in KRW & F/C

Funding

(%)



(W bn)	3Q08	FY07
Deposits ¹⁾	40,520	41,243
Bond Issued	53,754	44,584
SMIF Bonds	48,989	40,903
(sold over the counter)	(20,387)	(14,372)
Borrowings	17,479	15,517
BOK	1,695	1,833
Gov. & Public Fund	10,861	10,794
F/C	4,923	2,890
Capital	6,959	6,684
Call Money, FC Deposits	16,029	11,276
Total	134,740	119,304

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

Loans by Industry

3Q08					FY07	
(W bn)	Amount	Change (YTD)	(%)	Change(%p)	Amount	(%)
Manufacturing	48,212	4,436	63.8	-0.1	43,776	63.9
Textile	2,175	-198	2.9	-0.6	2,372	3.5
Apparel & Leather	1,424	304	1.9	0.3	1,120	1.6
Chemical Products	2,570	218	3.4	0.0	2,352	3.4
Rubber, Plastic Product	4,086	542	5.4	0.2	3,544	5.2
Basic Metals	3,238	421	4.3	0.2	2,818	4.1
Fabricated Metals	6,558	951	8.7	0.5	5,607	8.2
Other Machinery	8,534	703	11.3	-0.2	7,830	11.5
Electronic Machinery	2,546	530	3.4	0.5	2,017	2.9
Communication Devices	4,048	591	5.3	0.3	3,457	5.0
Automobiles	3,716	389	4.9	0.0	3,327	4.9
Other Manufacturing	9,318	-14	12.3	-1.3	9,332	13.6
Construction	4,797	205	6.4	-0.3	4,592	6.7
(Project Financing)	(1,113)	-76	1.5	-0.2	(1,189)	(1.7)
Wholesale & Retail Trade	11,556	997	15.3	-0.1	10,558	15.4
Lease & Rental Trade	3,539	297	4.7	0.0	3,243	4.7
Business Service¹⁾	890	-546	1.2	-0.9	1,436	2.1
Others	6,537	1,578	8.6	1.4	4,959	7.2
Lodging & Dining	633	15	0.8	-0.1	619	0.9
Transportation	906	100	1.2	0.0	806	1.2
Other Services ²⁾	4,998	1,463	6.6	1.5	3,535	5.1
Total	75,530	6,967	100.0	0.0	68,563	100.0

▪ SME loans (including F/X loans)

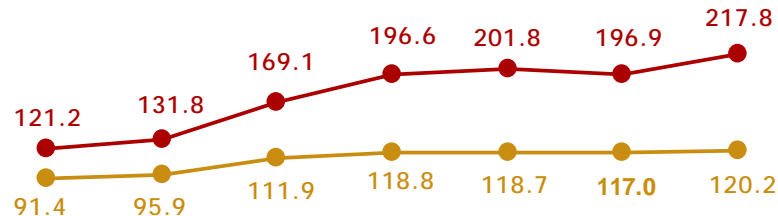
1) Information Processing, R&D business, Technology Services, etc.

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

Loan to Deposit Ratio

Loan to Deposit Ratio(LTD) Trend

(%)

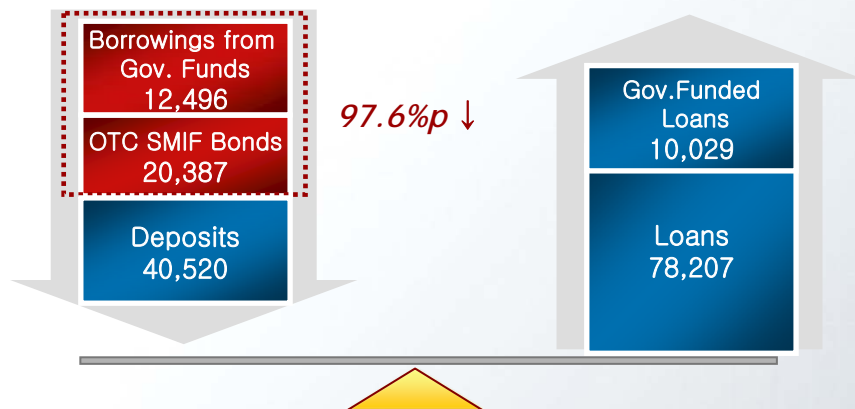


2004 2005 2006 2007 1Q08 2Q08 3Q08

■ LTD ■ Adjusted LTD

Adjusted LTD Ratio (120.2%)

(W bn)



Rationales on Adjusted LTD ratio

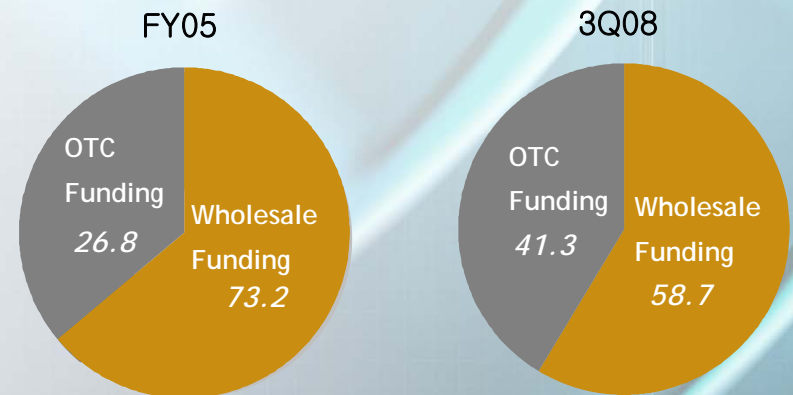
o Characteristics of OTC SMIF Bonds

- sold in small amounts to retail customers
- offers fixed interests and redeemable prior to maturity
- registered bonds and less vulnerable to bond market risks

o Government funded loans are financed by borrowings from government funds

SMIF Bonds Funding Mix

(%)



당신의 자산을 성공으로 연주하다

윈클래스는 보여드리고 싶습니다.

당신의 성공이 얼마나 더 커질 수 있는지, 당신의 인생이 얼마나 더 빛날 수 있는지.

감동으로 다가오는 자산의 가치를 만나보십시오.

IBK기업은행의 프라이빗 बैं킹, WIN CLASS

바이올리니스트 사라 장

Sarah Chang