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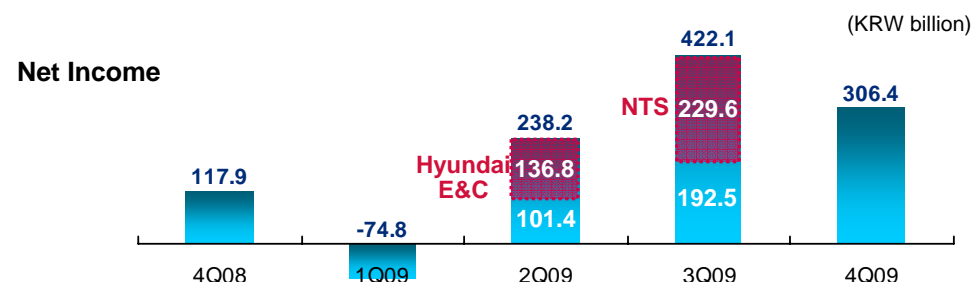
# A. Highlights

- 1. Key Metrics for 4Q09**
- 2. Quarterly Performance Trends**
- 3. Annual Performance Trends**

# A-1. Key Metrics for 4Q09

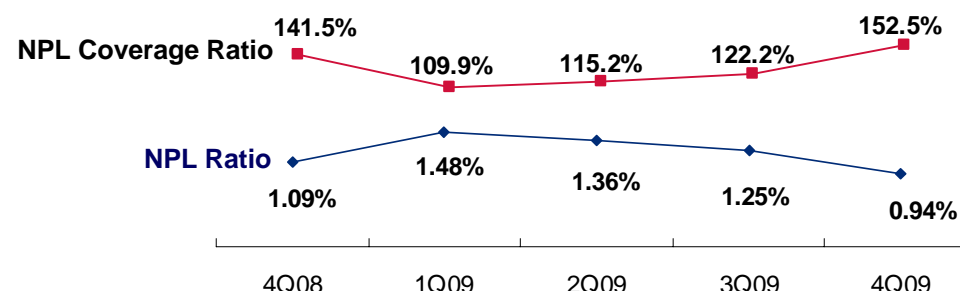
## ■ Net Income: Substantial growth without one-offs

- Net income of KRW 306.4 bn or KRW 475 per share in 4Q09
- Net interest margin improved to 2.72%, up from 2.49% in 3Q09
- Annual net income of KRW 891.7 bn in 2009, up 13.9% YoY



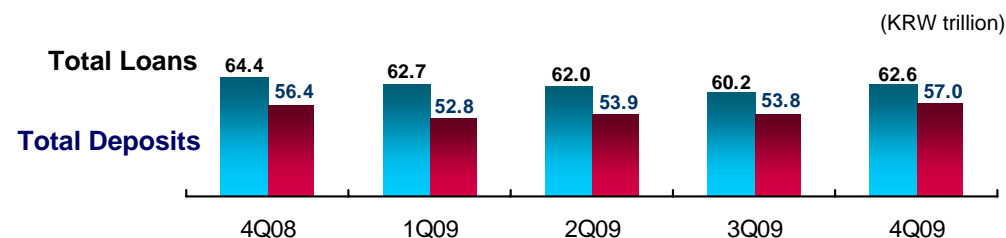
## ■ Asset Quality: Reduced credit costs

- NPL ratio of 0.94%, down 31 bps from 3Q09, mainly due to active write-offs and NPL sales
- Total loan loss provision of KRW 70.3 bn in 4Q09, down from KRW 83.7 bn in 3Q
- Kumho workout: NPL of KRW 106.1 bn, loan loss and other reserves of KRW 85.4 bn



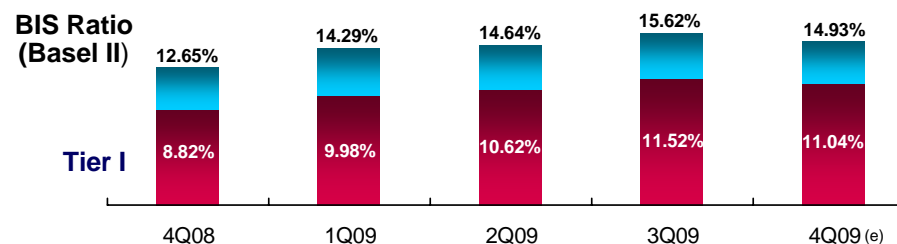
## ■ Balance Sheet: Resumption of growth

- Total loans: up KRW 2.4 tr QoQ, mainly due to increased household and large corporate loans
- Total deposits: up KRW 3.2 tr QoQ



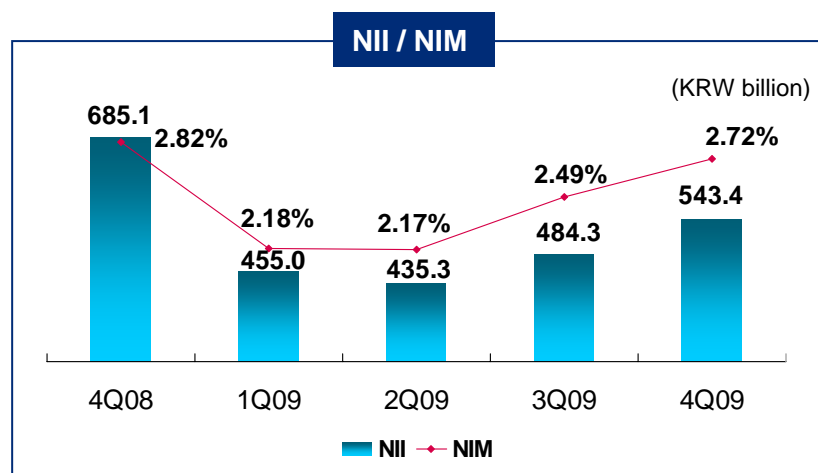
## ■ Capital: Remains strong

- KRW 510 per share of dividends declared
- Tier I capital declined from 3Q09, reflecting declared dividends and redemption of hybrid bonds
- Tier II capital declined from 3Q09, partly due to redemption of subordinate bonds

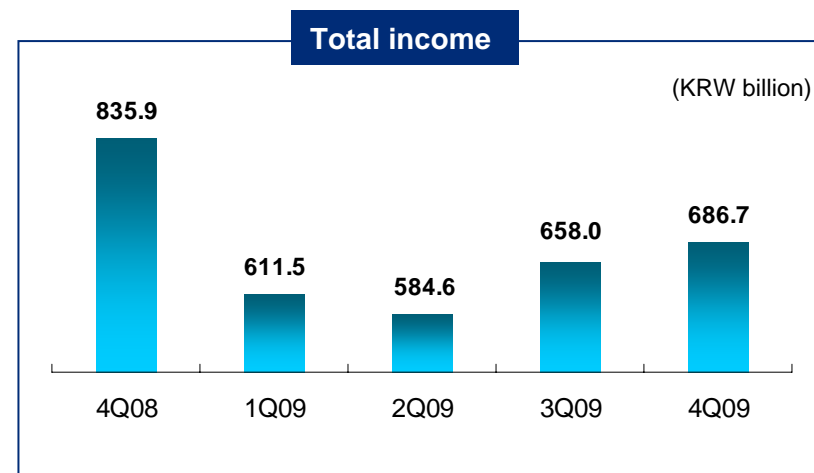


## A-2. Quarterly Performance Trends

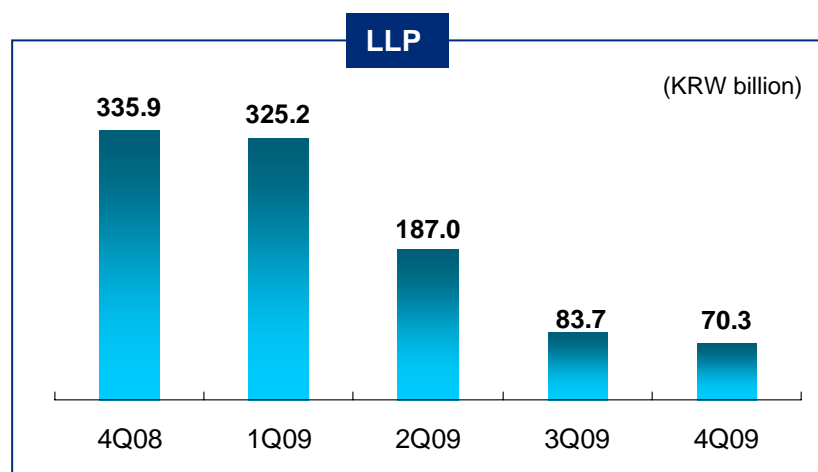
- NIM improvement drove growth in net interest income



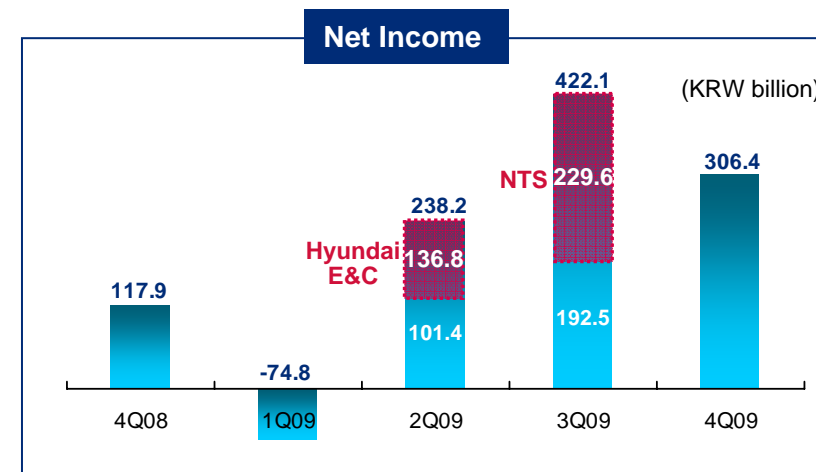
- Total income increased due to higher net interest income and fees, partly offset by weaker non-interest income



- LLP below KRW 100 bn for two consecutive quarters despite Kumho

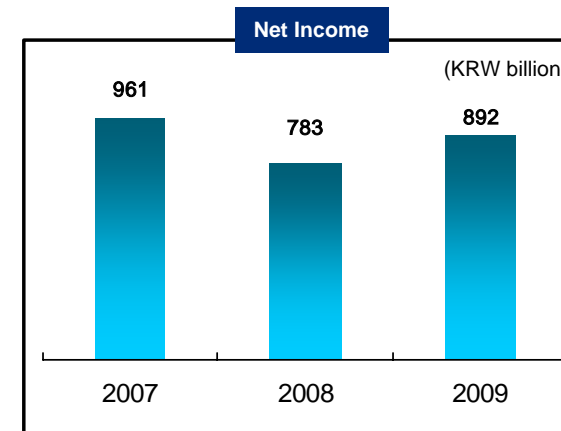
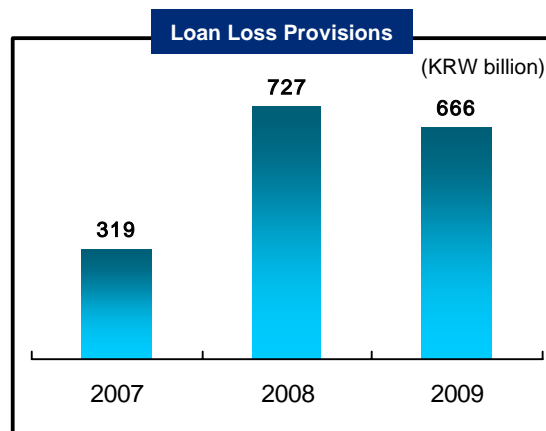
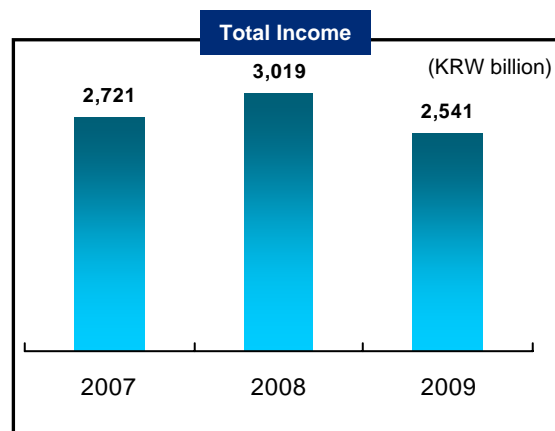


- Net income excluding non-recurring items showed strong sequential growth

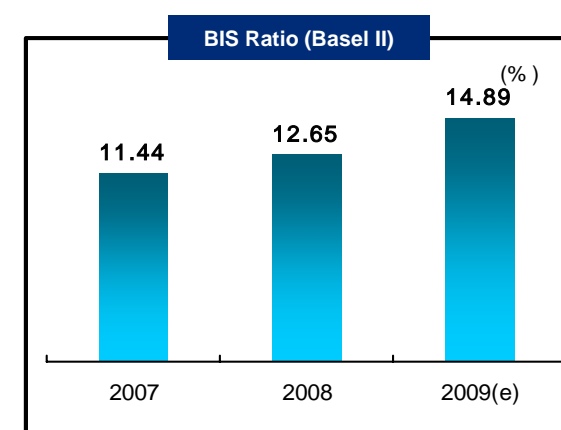
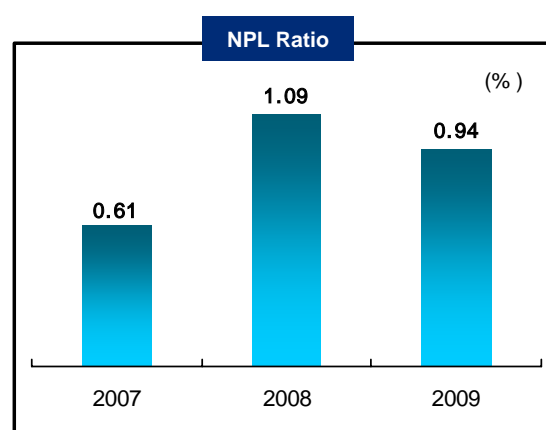
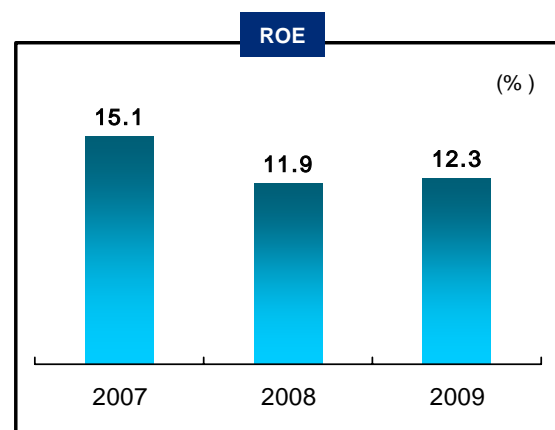


## A-3. Annual Performance Trends

Net Income for 2009 increased 13.9% from 2008 despite challenging operating environment



Capital position remained strong



\* 2007: Basel I basis

## B. Profitability

- 1. Income Statement Summary**
- 2. Net Interest Income**
- 3. Fees, Commissions & Non Interest Income**
- 4. Total Expenses**
- 5. Provisions & Others**
- 6. Loan Loss Reserve**

# B-1. Income Statement Summary



(KRW billion)

Line #	Item	Details	Quarterly						Annual		
			4Q08	1Q09	2Q09	3Q09	4Q09	YoY	2008	2009	YoY
1	Net Interest Income	Page 8	685.1	455.0	435.2	484.3	543.4	-20.7%	2,238.1	1,917.9	-14.3%
2	Fees & Commissions	Page 9	148.5	116.8	115.2	109.1	122.1	-17.8%	562.8	463.2	-17.7%
3	Non Interest Income	Page 9	2.3	39.7	34.2	64.6	21.2	+806.0%	217.6	159.7	-26.6%
4	<b>Total Income [1+2+3]</b>		<b>835.9</b>	<b>611.5</b>	<b>584.6</b>	<b>658.0</b>	<b>686.7</b>	<b>-17.8%</b>	<b>3,018.6</b>	<b>2,540.8</b>	<b>-15.8%</b>
5	Total Expenses	Page 10	268.8	373.2	250.9	312.3	287.2	+6.9%	1,145.3	1,223.7	+6.8%
6	<b>Operating Income [4-5]</b>		<b>567.1</b>	<b>238.3</b>	<b>333.7</b>	<b>345.7</b>	<b>399.5</b>	<b>-29.6%</b>	<b>1,873.2</b>	<b>1,317.2</b>	<b>-29.7%</b>
7	Investment Stock Impairment Loss, etc.		-42.8	-4.9	-202.2	-2.5	-32.5	U	-90.7	-242.1	F
8	<b>Income Before Provisions [6-7]</b>		<b>609.8</b>	<b>243.2</b>	<b>535.9</b>	<b>348.2</b>	<b>432.0</b>	<b>-29.2%</b>	<b>1,963.8</b>	<b>1,559.3</b>	<b>-20.6%</b>
9	Provisions & Others	Page 11	366.3	373.3	232.1	85.0	85.7	-76.6%	796.4	776.2	-2.5%
10	Loan loss provisioning		335.9	325.2	187.0	83.7	70.3	-79.1%	726.9	666.3	-8.3%
11	<b>Income before Tax [8-9]</b>		<b>243.5</b>	<b>-130.1</b>	<b>303.8</b>	<b>263.2</b>	<b>346.3</b>	<b>+42.2%</b>	<b>1,167.5</b>	<b>783.1</b>	<b>-32.9%</b>
12	Income Tax Expense		125.7	-55.3	65.7	-158.9	39.9	-68.2%	384.9	-108.6	F
13	<b>Net Income [12-13]</b>		<b>117.9</b>	<b>-74.8</b>	<b>238.2</b>	<b>422.1</b>	<b>306.4</b>	<b>+159.9%</b>	<b>782.6</b>	<b>891.7</b>	<b>+13.9%</b>
14	Earnings per Share (KRW)		183	-116	369	654	475	<b>+159.9%</b>	1,213	1,383	<b>+13.9%</b>

Note: U = Unfavorable  
F = Favorable

## ▪ Net income of 306.4 bn in 4Q; 2009 annual net income of 891.7 bn, up 13.9% from 2008:

Total income of 686.7 bn in 4Q, up 4.4% from 3Q, mainly because of improved net interest margin

Expenses decreased 8.0% QoQ, principally due to the seasonal fluctuation in salaries and benefits

Loan loss provisioning declined 15.9% QoQ, mainly due to reversal of provisions from NPL sales and ABS issuance

## B-2. Net Interest Income



(KRW billion)

	Quarterly						Annual		
	4Q08	1Q09	2Q09	3Q09	4Q09	YoY	2008	2009	YoY
Net Interest Income	685.1	455.0	435.2	484.3	543.4	-20.7%	2,238.1	1,917.9	-14.3%
Average Earning Assets	84,523.1	83,084.2	79,234.3	76,640.2	79,264.1	-6.2%	73,959.8	79,513.9	+7.5%
Net Interest Margin (NIM)*	2.82%	2.18%	2.17%	2.49%	2.72%	-0.10%p	2.90%	2.39%	-0.51%p
KRW	3.59%	2.56%	2.41%	2.85%	3.11%	-0.48%p	3.64%	2.74%	-0.90%p
Foreign currency	1.17%	1.28%	1.49%	1.43%	1.51%	+0.34%p	1.07%	1.42%	+0.35%p

\* Net interest margin is calculated from net interest income adjusted for certain items.

- **NIM continued to recover in 4Q, increasing by 23 bp from 3Q**

NIM in KRW expanded by 26 bp from 3Q because of continued repricing of KRW deposits

NIM in foreign currency improved by 8 bp on declining funding costs

## B-3. Fees, Commissions & Non Interest Income



(KRW billion)

	Quarterly						Annual		
	4Q08	1Q09	2Q09	3Q09	4Q09	YoY	2008	2009	YoY
<b>Total Fees &amp; Commissions</b>	<b>148.5</b>	<b>116.8</b>	<b>115.2</b>	<b>109.1</b>	<b>122.1</b>	<b>-17.8%</b>	<b>562.8</b>	<b>463.2</b>	<b>-17.7%</b>
<b>Gains from FX transactions</b>	<b>91.3</b>	<b>76.4</b>	<b>66.3</b>	<b>63.8</b>	<b>66.7</b>	<b>-26.9%</b>	<b>303.3</b>	<b>273.3</b>	<b>-9.9%</b>
<b>Fees &amp; Commissions</b>	<b>57.2</b>	<b>40.4</b>	<b>48.9</b>	<b>45.3</b>	<b>55.4</b>	<b>-3.1%</b>	<b>259.6</b>	<b>189.9</b>	<b>-26.9%</b>
KRW currency related	31.4	30.8	35.2	35.9	36.4	+15.9%	179.3	138.3	-22.9%
Foreign currency related	46.2	33.9	33.8	31.6	41.8	-9.5%	163.9	141.1	-13.9%
Card	-42.6	-44.6	-43.7	-43.7	-46.8	U	-159.5	-178.8	U
Others	22.2	20.3	23.5	21.5	24.0	+8.1%	75.9	89.3	+17.7%
<b>Non Interest Income</b>	<b>2.3</b>	<b>39.7</b>	<b>34.2</b>	<b>64.6</b>	<b>21.2</b>	<b>+806.0%</b>	<b>217.6</b>	<b>159.7</b>	<b>-26.6%</b>
<b>% of Total Income</b>									
Total Fees & Commissions	17.8%	19.1%	19.7%	16.6%	17.8%	-	18.6%	18.2%	-0.4%p
Non Interest Income	0.3%	6.5%	5.9%	9.8%	3.1%	+2.8%p	7.2%	6.3%	-0.9%p
Sum	18.0%	25.6%	25.6%	26.4%	20.9%	+2.9%p	25.8%	24.5%	-1.3%p

Note: U = Unfavorable

- **Gains from FX transactions: +4.5% QoQ**
- **KRW related fees & commissions: +1.4% QoQ, helped by stronger investment product sales**
- **FC related fees & commissions: +32.3% QoQ, helped by recovering trade volume**

## B-4. Total Expenses



(KRW billion)

	Quarterly						Annual		
	4Q08	1Q09	2Q09	3Q09	4Q09	YoY	2008	2009	YoY
<b>Total Expenses</b>	<b>268.8</b>	<b>373.2</b>	<b>250.9</b>	<b>312.3</b>	<b>287.2</b>	<b>+6.9%</b>	<b>1,145.3</b>	<b>1,223.7</b>	<b>+6.8%</b>
Salaries & Benefits	119.8	208.1	145.6	199.4	148.9	+24.3%	661.1	702.0	+6.2%
Operating Expenses	95.9	129.9	68.3	72.2	97.8	+2.0%	317.7	368.2	+15.9%
Depreciation	35.5	26.9	28.9	28.4	31.0	-12.7%	119.4	115.2	-3.2%
Tax & Dues	17.6	8.3	8.1	12.3	9.6	-45.5%	47.1	38.3	-19.0%
<b>% of Total Income</b>									
Total Expenses	32.2%	61.0%	42.9%	47.5%	41.8%	+9.6%p	37.9%	48.2%	+10.3%p
Salaries & Benefits	14.3%	34.0%	24.9%	30.3%	21.7%	+7.4%p	21.9%	27.6%	+5.7%p
Operating Expenses	11.5%	21.2%	11.7%	11.0%	14.2%	+2.7%p	10.5%	14.5%	+4.0%p

- **Salaries & Benefits: -25.3% QoQ, principally due to the normal seasonal fluctuation**
- **Operating Expenses: +35.5% QoQ, mainly due to a contribution to the employee welfare fund and higher advertising costs**

## B-5. Provisions & Others



(KRW billion)

	Quarterly						Annual		
	4Q08	1Q09	2Q09	3Q09	4Q09	YoY	2008	2009	YoY
<b>Total Provisions &amp; Others</b>	<b>366.3</b>	<b>373.3</b>	<b>232.1</b>	<b>85.0</b>	<b>85.7</b>	<b>-76.6%</b>	<b>796.4</b>	<b>776.2</b>	<b>-2.5%</b>
<b>Loan Loss Provisioning</b>	<b>335.9</b>	<b>325.2</b>	<b>187.0</b>	<b>83.7</b>	<b>70.3</b>	<b>-79.1%</b>	<b>726.9</b>	<b>666.3</b>	<b>-8.3%</b>
Corporate	296.7	300.5	145.6	51.8	50.1	-83.1%	647.3	548.0	-15.3%
Household	24.8	6.7	18.4	14.7	9.5	-61.7%	47.9	49.3	+2.9%
Card	14.4	18.0	23.0	17.2	10.7	-25.7%	31.7	68.9	+117.4%
<b>Other Provisioning</b>	<b>19.6</b>	<b>18.3</b>	<b>36.5</b>	<b>-8.3</b>	<b>3.6</b>	<b>-81.6%</b>	<b>22.6</b>	<b>50.1</b>	<b>+122.1%</b>
<b>Retirement Allowance</b>	<b>10.8</b>	<b>29.8</b>	<b>8.6</b>	<b>9.6</b>	<b>11.8</b>	<b>+8.9%</b>	<b>47.0</b>	<b>59.8</b>	<b>+27.3%</b>

- **Loan loss provisioning declined 15.9% QoQ because of reversal of provisions from NPL sales and ABS issuance**

Reversal of provisions: NPL sales of 46 bn and ABS of 51 bn

- **Provisioning for exposure to Kumho group companies (see page 29 for additional information)**

LLP of 68 bn and other provisioning of 15 bn

## B-6. Loan Loss Reserve



(KRW billion)

	2008	1Q09	2Q09	3Q09	4Q09	2009
<b>Beginning Balance</b>	<b>791.7</b>	<b>1,144.0</b>	<b>1,170.5</b>	<b>1,126.2</b>	<b>1,084.2</b>	<b>1,144.0</b>
Additions	726.9	325.2	187.0	83.7	70.3	666.3
Write-offs (-)	568.4	327.6	274.8	161.1	143.0	906.5
Recoveries	193.8	28.9	43.5	35.4	47.7	155.4
Net Change	352.3	26.5	-44.3	-42.0	-25.0	-84.8
<b>Ending Balance</b>	<b>1,144.0</b>	<b>1,170.5</b>	<b>1,126.2</b>	<b>1,084.2</b>	<b>1,059.2</b>	<b>1,059.2</b>
<b>NPL Coverage Ratio* (%)</b>	<b>141.5%</b>	<b>109.9%</b>	<b>115.2%</b>	<b>122.2%</b>	<b>152.5%</b>	<b>152.5%</b>

\* When calculating the NPL coverage ratio, the LLR used is an amount that excludes reserves set aside for undeterminable guarantees and present value discount account from the ending LLR.

- **NPL coverage ratio improved to 152.5% in 4Q from 122.2% in 3Q**
- **See page 19 for more details about asset quality**

## C. Balance Sheet

- 1. Balance Sheet Summary**
- 2. Deposits**
- 3. Loans**
- 4. Household Loans in KRW**

# C-1. Balance Sheet Summary



(End of period, KRW billion)

Line #	Item	Details	4Q08	1Q09	2Q09	3Q09	4Q09	YoY
1	Cash & Due from Banks	Pages 16-17	10,107.7	8,993.5	6,858.8	6,047.8	5,902.7	-41.6%
2	Securities		12,112.6	13,957.7	14,949.0	15,447.5	13,829.2	+14.2%
3	Loans		64,412.3	62,741.5	62,041.6	60,228.0	62,627.0	-2.8%
4	Credit Card Receivables		2,552.6	2,444.0	2,408.2	2,392.0	2,422.9	-5.1%
5	Other Assets		13,712.6	17,659.9	15,470.2	17,537.6	12,097.7	-11.8%
6	Merchant Banking Assets		3,363.1	3,005.7	2,259.9	2,157.7	1,851.5	-44.9%
7	<b>Total Assets</b>		<b>103,708.3</b>	<b>106,358.3</b>	<b>101,579.5</b>	<b>101,418.6</b>	<b>96,308.1</b>	<b>-7.1%</b>
8	Deposits	Page 15	56,397.4	52,786.0	53,882.4	53,777.3	56,951.9	+1.0%
9	Borrowings		11,958.8	12,844.4	11,565.8	10,023.6	9,183.8	-23.2%
10	Debentures		10,790.6	10,665.7	9,834.4	9,235.4	7,855.9	-27.2%
11	Other Liabilities		14,402.5	20,879.4	18,217.5	19,677.2	13,062.1	-9.3%
12	Merchant Banking Liabilities		3,495.6	2,471.4	1,214.3	1,165.0	1,299.6	-62.8%
13	Shareholders' Equity	Page 27	6,663.5	6,711.4	6,865.1	7,540.1	7,954.8	+19.4%
14	<b>Liabilities &amp; Shareholders' Equity</b>		<b>103,708.3</b>	<b>106,358.3</b>	<b>101,579.5</b>	<b>101,418.6</b>	<b>96,308.1</b>	<b>-7.1%</b>

## ■ Assets

Loans: +4.0% QoQ

Securities: -10.5% QoQ due to a decrease in short-term securities for liquidity management purposes

Other assets: -31.0% QoQ due to a large reduction in accounts receivable for unsettled FX spot transactions

## ■ Liabilities

Deposits: +5.9% QoQ

Debentures: -14.9% QoQ largely due to early redemptions of hybrid and subordinate bonds

Other liabilities: -33.6% QoQ due to a large reduction in accounts payable for unsettled FX spot transactions

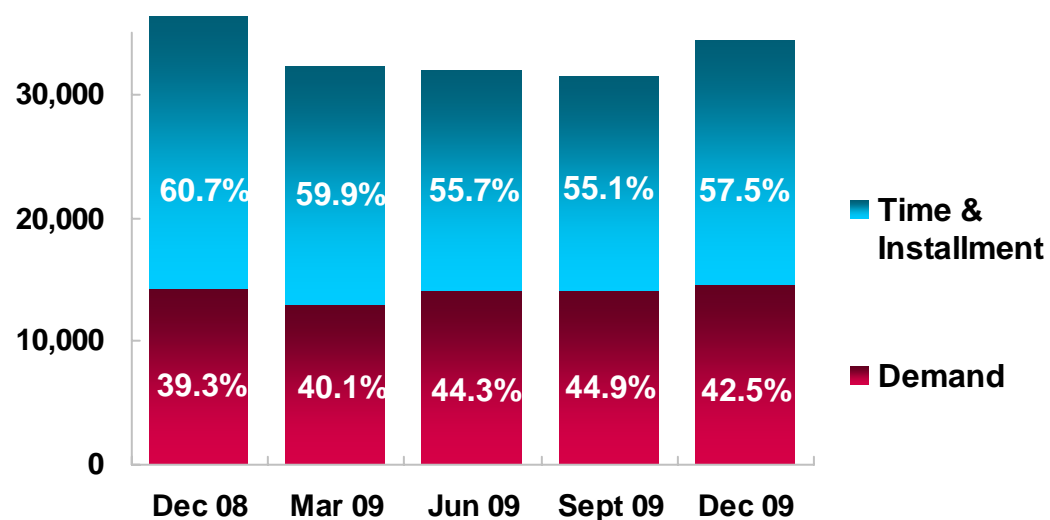
## C-2. Deposits



(End of period, KRW billion)

	Cost	4Q08	1Q09	2Q09	3Q09	4Q09	YoY
<b>Total Deposits</b>	-	56,397.4	52,786.0	53,882.4	53,777.3	56,951.9	+1.0%
<b>Total KRW Deposits</b>	-	43,667.6	39,009.4	39,371.2	40,586.1	43,395.0	-5.2%
Demand Deposits	Lower	14,244.5	12,904.8	14,140.4	14,152.9	14,591.7	+2.4%
Time & Installment Deposits	Higher	22,001.1	19,274.3	17,743.7	17,355.1	19,754.4	-10.2%
Certificate of Deposits	Higher	7,422.0	6,830.3	7,487.1	9,078.1	9,048.9	+21.9%
<b>Total KRW Deposits / Total Deposits</b>	-	<b>77.4%</b>	<b>73.9%</b>	<b>73.1%</b>	<b>75.5%</b>	<b>76.2%</b>	<b>-1.2%p</b>

### Demand & Time/Installment Deposits in KRW



#### Deposits in KRW increased QoQ

Demand deposits: +3.1% QoQ

Time & installment deposits: +13.8% QoQ

#### The loan-to-deposit ratio (LDR) improved

(Average balance)

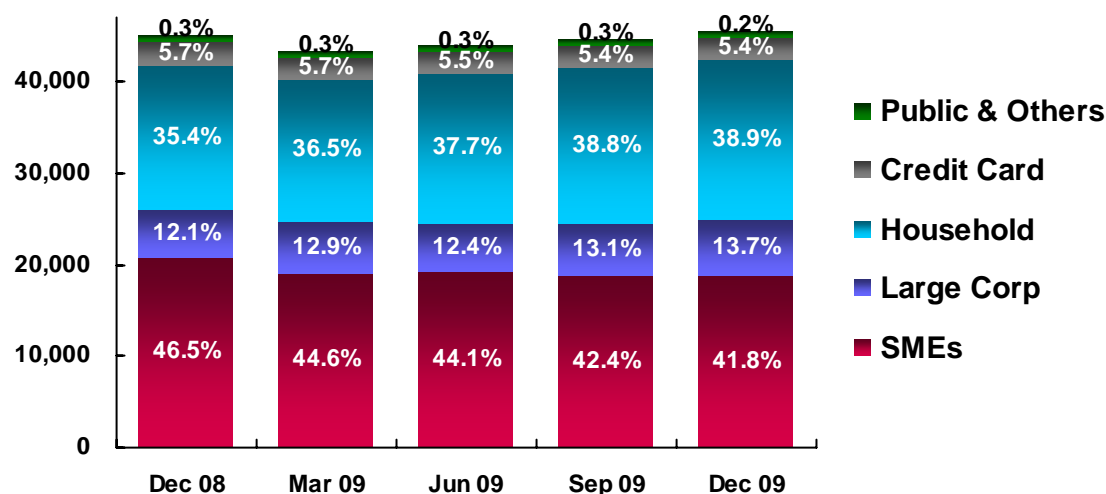
	Sep 09	Dec 09	Change
LDR including CD	105.8%	95.5%	-10.3%p
LDR excluding CD	136.0%	124.9%	-11.1%p

## C-3. Loans

(End of period, KRW billion)

	4Q08	1Q09	2Q09	3Q09	4Q09	YoY
<b>Total Loans</b>	<b>64,412.3</b>	<b>62,741.5</b>	<b>62,041.6</b>	<b>60,228.0</b>	<b>62,627.0</b>	<b>-2.8%</b>
<b>Total KRW Loans</b>	<b>44,521.5</b>	<b>42,806.2</b>	<b>43,464.2</b>	<b>44,083.3</b>	<b>44,955.0</b>	<b>+1.0%</b>
SMEs	20,707.6	19,103.7	19,161.2	18,706.2	18,786.9	-9.3%
Large Corp.	5,369.1	5,516.6	5,407.9	5,784.4	6,138.8	+14.3%
Household	15,762.5	15,625.5	16,374.4	17,091.4	17,499.4	+11.0%
Public & Others	129.7	116.4	112.5	109.3	107.0	-17.5%
Credit Card	2,552.6	2,444.0	2,408.2	2,392.0	2,422.9	-5.1%
<b>Total KRW Loans / Total Loans</b>	<b>69.1%</b>	<b>68.2%</b>	<b>70.1%</b>	<b>73.2%</b>	<b>71.8%</b>	<b>+2.7%p</b>

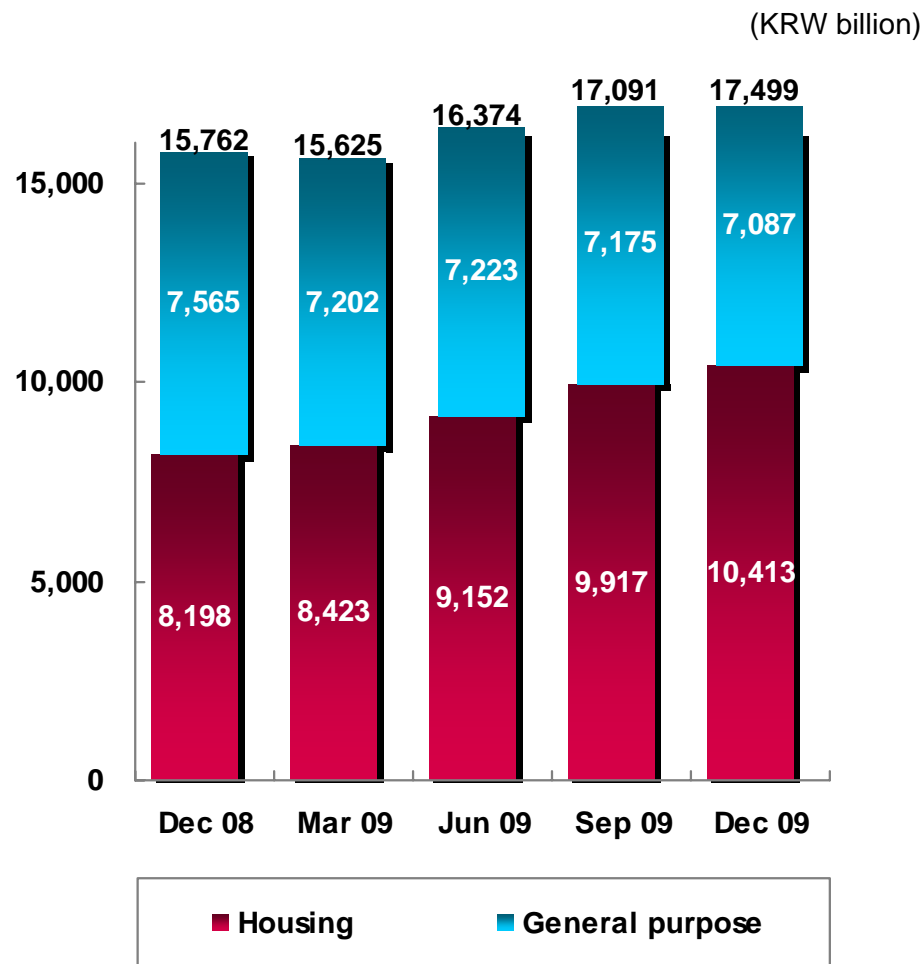
### Loans in KRW by Types



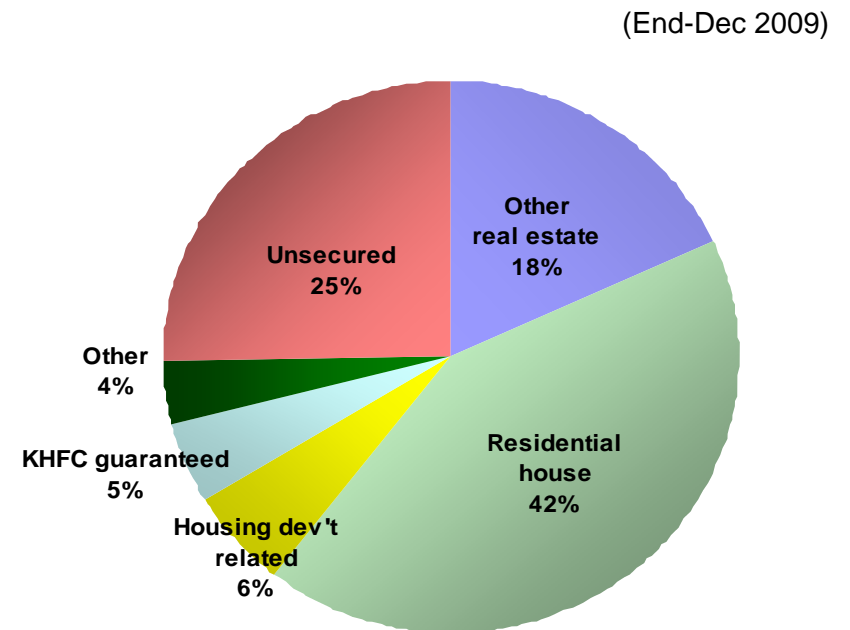
- Loans in KRW rose 2.0% QoQ due to growth in household and large corporate loans
- Composition of loans in KRW shifted slightly
  - SMEs: -0.6%p QoQ
  - Large Corporations: +0.6%p QoQ
  - Household: +0.1%p QoQ
  - Card: no change QoQ

## C-4. Household Loans in KRW

Household Loans in KRW



Household Loans by Collateral Type



- Housing loans increased due to marketing efforts

## D. Asset Quality

1. **Asset Quality Summary**
2. **NPL by Borrower Type**
3. **Delinquency by Borrower Type**
4. **Delinquent SME Loans in KRW**

# D-1. Asset Quality Summary



(End of period, KRW billion)

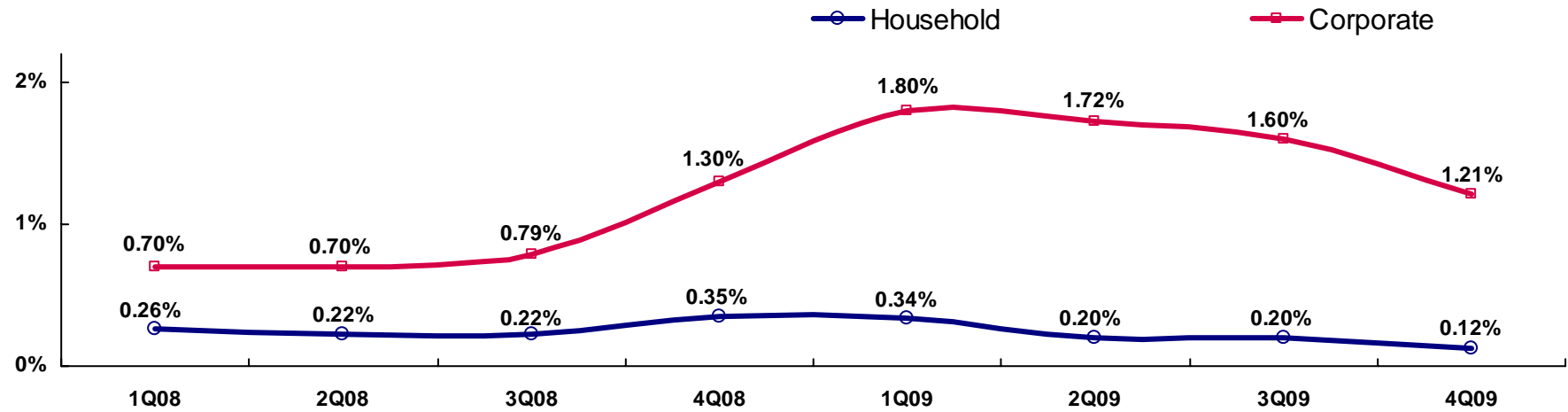
Line #	Item	4Q08	1Q09	2Q09	3Q09	4Q09	YoY
1	<b>Total Credits</b>	<b>70,945.9</b>	<b>69,370.5</b>	<b>68,902.9</b>	<b>68,134.5</b>	<b>70,550.5</b>	<b>-0.6%</b>
2	Normal	69,454.7	67,689.4	67,197.8	66,433.7	68,948.1	<b>-0.7%</b>
3	Precautionary	716.0	657.2	764.7	847.3	937.3	+30.9%
4	<b>NPL [5+6+7]</b>	<b>775.2</b>	<b>1,023.9</b>	<b>940.4</b>	<b>853.5</b>	<b>665.0</b>	<b>-14.2%</b>
5	Substandard	422.7	626.4	591.0	543.3	448.4	+6.1%
6	Doubtful	92.2	159.1	193.5	203.9	162.8	+76.6%
7	Estimated Loss	260.3	238.4	155.9	106.3	53.8	-79.3%
	<b>% of Total Credit</b>						
8	Precautionary	1.01%	0.95%	1.11%	1.24%	1.33%	
9	<b>NPL</b>	<b>1.09%</b>	<b>1.48%</b>	<b>1.36%</b>	<b>1.25%</b>	<b>0.94%</b>	
10	Reserves for Loan Loss	1,097.1	1,125.5	1,083.4	1,042.8	1,014.4	-7.5%
11	<b>NPL Coverage Ratio</b>	<b>141.5%</b>	<b>109.9%</b>	<b>115.2%</b>	<b>122.2%</b>	<b>152.5%</b>	<b>+11.0%p</b>

\* The LLR used to calculate the NPL coverage ratio is an amount that excludes reserves set aside for undeterminable guarantees and present value discount account from the ending LLR on page 12

- **NPL ratio, including the 106.1 bn addition from Kumho, declined by 31 bp to 0.94% at the end of 4Q09 from 3Q09, principally due to NPL sales and write-offs**

## D-2. NPL by Borrower Type

NPL by Borrower Type



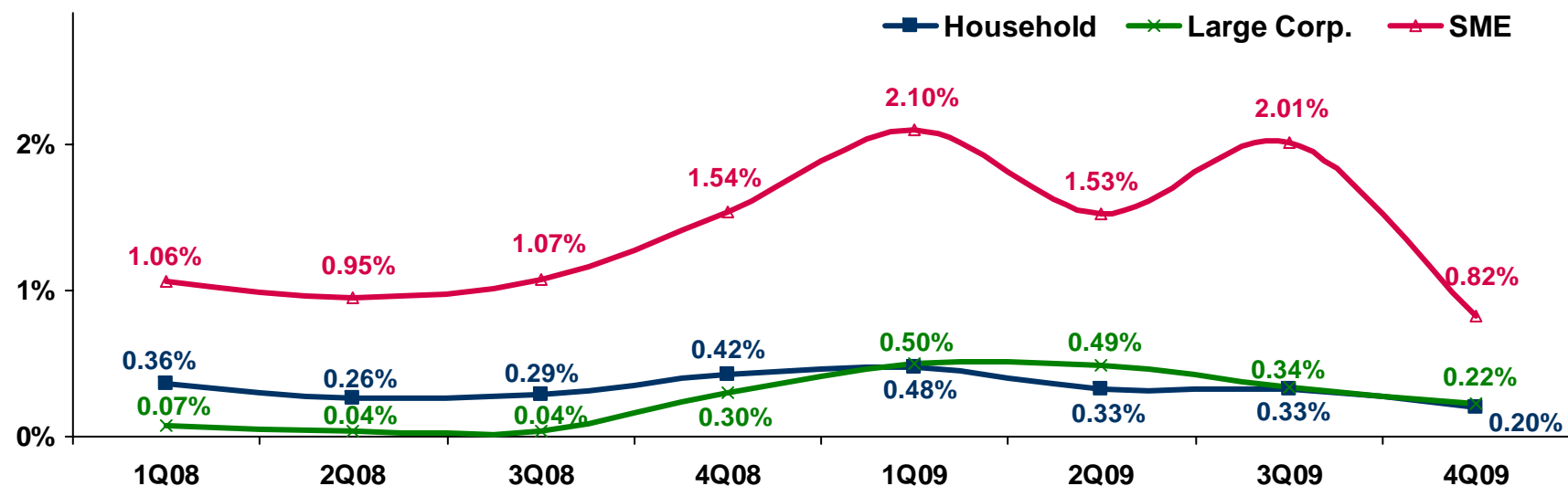
(End of period, KRW billion)

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
<b>Corporate</b>								
Credits	44,250.6	47,307.4	56,354.5	52,505.9	51,193.9	50,015.0	48,543.6	50,529.7
NPL	310.8	332.2	444.0	684.0	922.8	857.9	776.2	609.2
<b>NPL Ratio</b>	<b>0.70%</b>	<b>0.70%</b>	<b>0.79%</b>	<b>1.30%</b>	<b>1.80%</b>	<b>1.72%</b>	<b>1.60%</b>	<b>1.21%</b>
<b>Household</b>								
Credits	14,690.7	15,048.6	15,694.9	15,883.8	15,729.5	16,477.8	17,195.1	17,596.4
NPL	38.4	33.2	34.7	56.0	53.4	33.2	34.8	21.0
<b>NPL Ratio</b>	<b>0.26%</b>	<b>0.22%</b>	<b>0.22%</b>	<b>0.35%</b>	<b>0.34%</b>	<b>0.20%</b>	<b>0.20%</b>	<b>0.12%</b>

\* Total credits include corporate, household and credit card.

## D-3. Delinquency by Borrower Type

Delinquency by Borrower Type

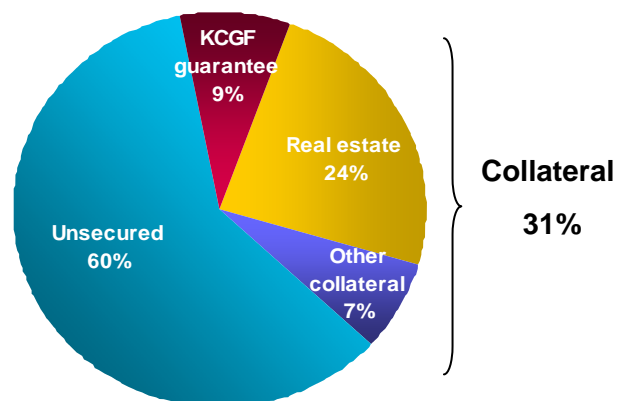


(End of period, KRW billion)

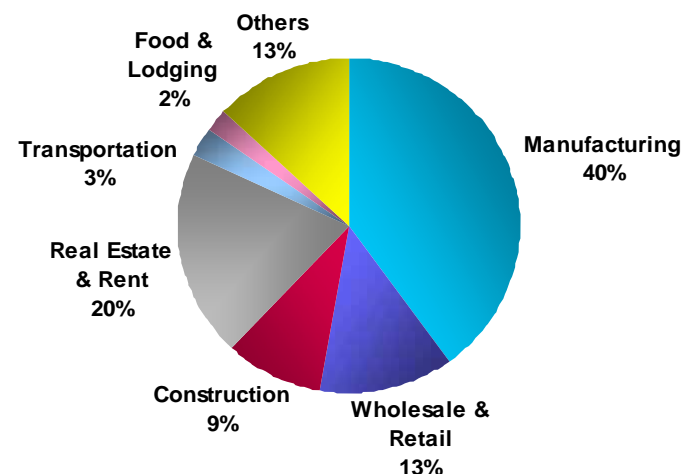
	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Total loans, less call loans	56,065.3	58,460.3	66,242.5	63,511.1	60,969.0	60,273.9	59,786.6	60,992.8
Delinquent loans	362.6	330.6	397.8	586.5	755.3	576.5	626.6	303.0
<b>Delinquency ratio</b>	<b>0.65%</b>	<b>0.57%</b>	<b>0.60%</b>	<b>0.92%</b>	<b>1.24%</b>	<b>0.96%</b>	<b>1.05%</b>	<b>0.50%</b>

## D-4. Delinquent SME Loans in KRW

### SME Loans in KRW by Collateral Type



### SME Loans in KRW by Industry



#### ■ SME Delinquency Ratio for KRW Loans

	Dec 08	Mar 09	Jun 09	Sep 09	Dec 09
Unsecured	0.66%	0.87%	0.78%	0.71%	0.38%
Collateralized	3.54%	4.94%	3.53%	4.31%	1.50%
Guaranteed	2.26%	2.86%	2.25%	2.02%	1.32%
Total	1.77%	2.31%	1.72%	2.00%	0.81%

- Unsecured loans: relatively low level, reflecting quality of KEB's SME customers
- Collateralized loans: continued pressure in selected industries, tight monitoring in place, and loan value protected
- Guaranteed book: despite higher delinquency, loss severity is low as KCGF backstops 80~90% of the guaranteed amount

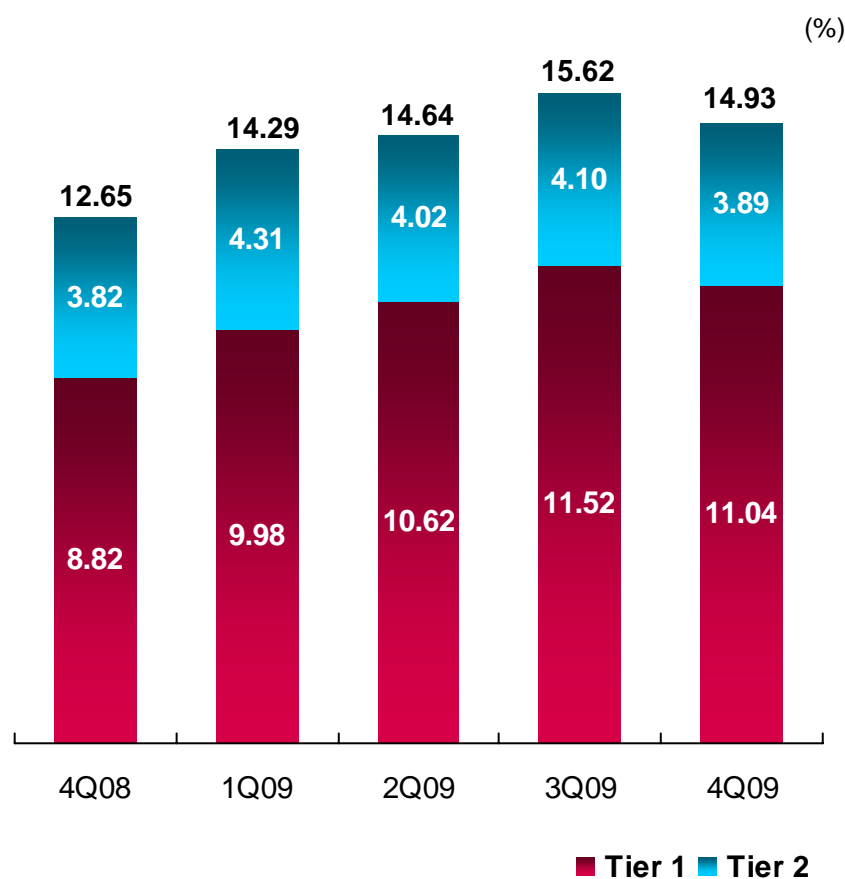
#### Industry

#### Delinquency Ratio

	Dec 08	Mar 09	Jun 09	Sep 09	Dec 09
Manufacturing	1.79%	1.76%	1.23%	1.26%	0.62%
Real Estate & Rent	0.95%	1.74%	1.84%	2.77%	0.93%
Wholesale & Retail	2.44%	3.22%	1.79%	1.88%	0.56%
Construction	1.71%	2.19%	1.96%	1.40%	0.97%
Transportation	1.15%	4.86%	3.15%	6.04%	2.73%
Food & Lodging	2.42%	4.88%	4.25%	5.55%	2.79%
Others	2.34%	2.73%	1.98%	2.13%	0.62%
Total	1.77%	2.31%	1.72%	2.00%	0.81%

## E. Capital

## BIS Ratio (Basel II)



■ BIS ratio declined by 69 bp from 3Q

■ Principal drivers

- -6 bp from the increase in risk weighted assets of 0.2 tr, principally due to loan growth
- -43 bp from Tier 1 capital reduction of 258 bn
  - Retained earnings: +52 bp
  - Declared dividends: -56 bp
  - Redemption of 250 bn in hybrid bonds: -42 bp
- -20 bp from Tier 2 capital reduction of 119 bn
  - Redemption of 250 bn in subordinate bonds: -42 bp
  - Provisioning over expected loss: +13 bp
  - Valuation adjustment of available-for-sale securities: +7 bp

## F. Appendix

1. **Company**
2. **Ownership**
3. **Market Leadership in FX & Trade Finance**
4. **Risks**
5. **Historical Financial Statements**

## ■ History

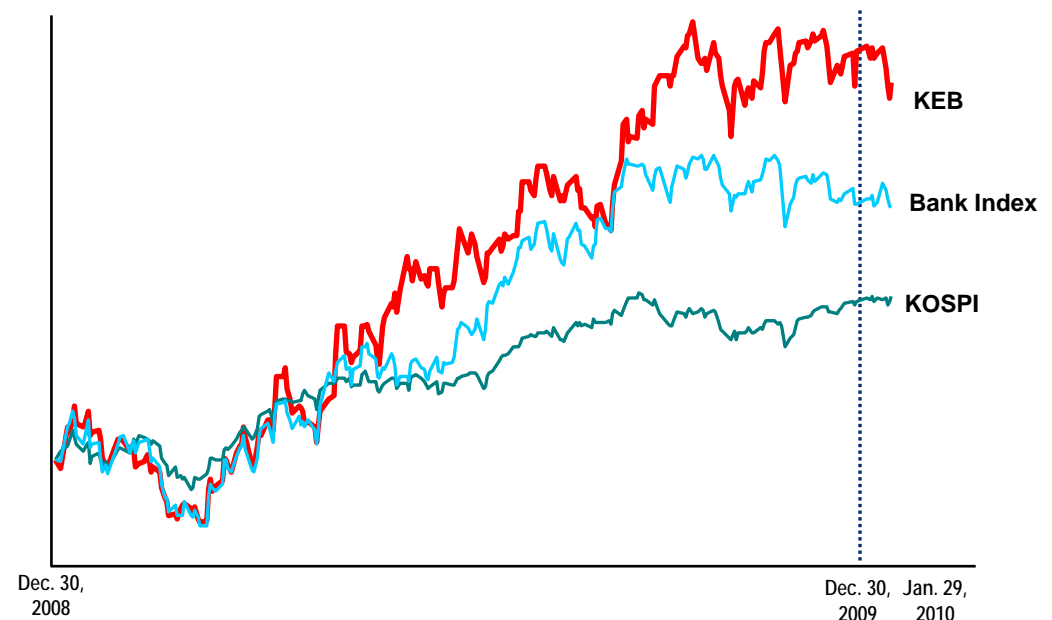
Korea Exchange Bank was established in 1967 as a government-owned banking institution specializing in foreign exchange and international trade financing and has maintained a pre-eminent position in these fields. KEB was privatized in 1989, and its shares were listed in the Korea Stock Exchange in 1994.

Today, KEB is Korea's leading international bank, with strong retail banking and credit card operations complementing its longstanding commercial banking and corporate finance expertise. KEB had KRW 96.3 trillion of assets at the end of 2009.

## ■ Top Management

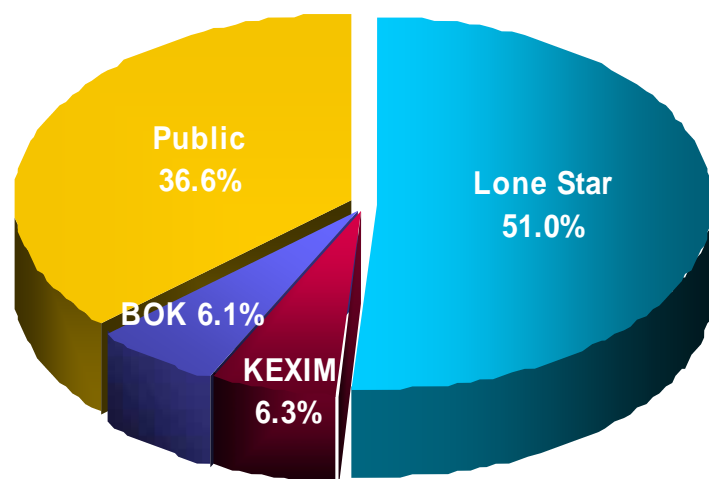
- Chairman of the Board: Richard F. Wacker
- President & CEO: Larry A. Klane
- Deputy President: Jang Myoung Kee

## ■ Stock Price Performance



## F-2. Ownership

### Shareholders' Structure



Shareholder	Number of shares	Share (%)
Lone Star	329,042,672	51.02%
KEXIM	40,314,387	6.25%
BOK	39,500,000	6.12%
Public	236,049,767	36.61%
Total	644,906,826	100.0%

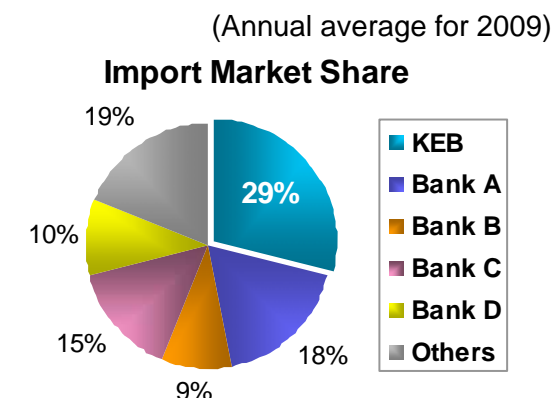
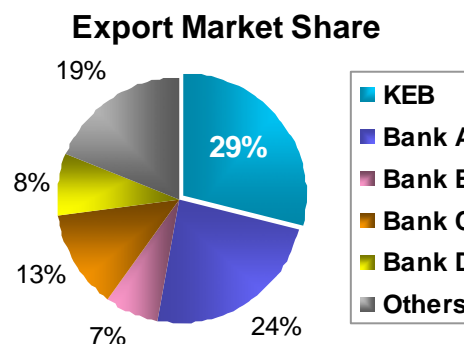
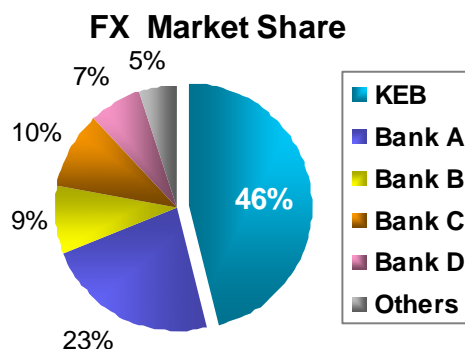
### Capital Structure

(KRW billion)

	Dec 08	Sep 09	Dec 09	YOY
<b>Paid-in Capital</b>	3,224.5	3,224.5	3,224.5	-
<b>Capital Surplus</b>	0.9	0.9	0.9	-
<b>Retained Earnings</b>	2,693.3	3,191.0	3,495.8	+802.5
<b>Capital Adjustment</b> (Unrealized gains on investment securities, gains from tangible assets revaluation, etc.)	749.2	1,123.7	1,233.6	+484.4
<b>Total Shareholders' Equity</b>	6,663.5	7,540.1	7,954.8	+1,291.3
<b>Book value per share (KRW)</b>	10,333	11,692	12,335	+2,002

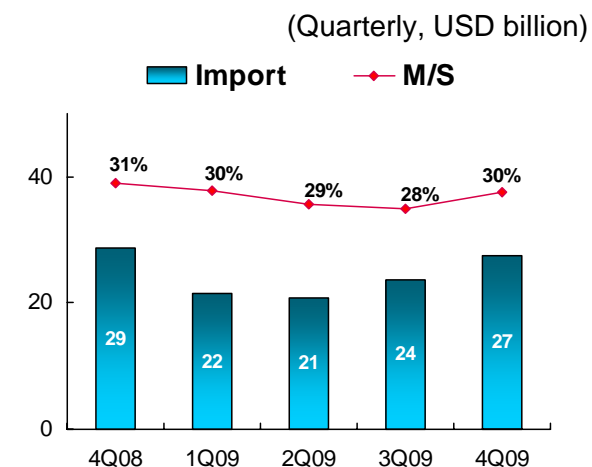
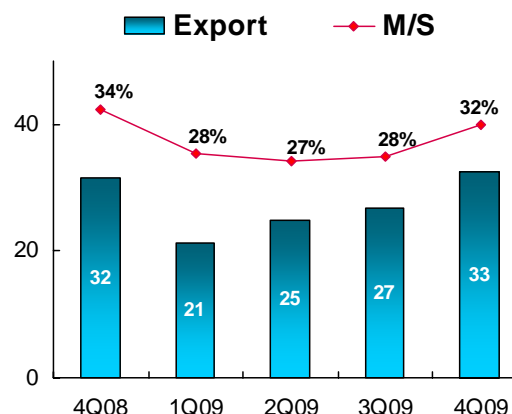
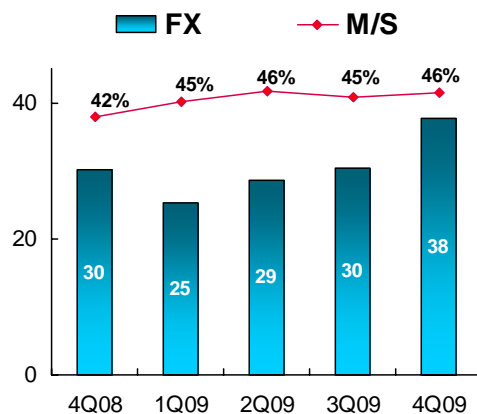
## F-3. Market Leadership in FX & Trade Finance

### Strong Market Leadership



\* Market share in FX is based on 7 large domestic banks' transactions, exports/imports are based on national trade volume

### Trading Volume & Market Share



## F-4. Risks



- Minimal impact from government-led restructuring of SMEs
  - Third round of reviews were completed Nov. 2009
  - 181 of non-audited SMEs & SOHOs with total credit of 3 bn+ and audited SMEs with total credit of 1 bn+ were reviewed
  - 18 companies are under restructuring with NPL of 32.7 bn and LLR of 13.7 bn
  
- Kumho group companies

(As of Dec 09, KRW billion)

	Substandard	provisioning %	Total LLR
In workout (Kumho Industrial, Kumho Tire)	105.1	49%	76.5
Others	-	-	8.9
Total	105.1	49%	85.4

## F-5. Historical Financial Statements - Annual



### Balance Sheet

(End of period, KRW billion)

Line #	Item	2007	2008	2009	2008 YoY (%)	2009 YoY (%)
1	Cash & Due from Banks	5,118.4	10,107.7	5,902.7	+97.5%	-41.6%
2	Securities	9,773.4	12,112.6	13,829.2	+23.9%	+14.2%
3	Loans	54,055.4	64,412.3	62,627.0	+19.2%	-2.8%
4	Credit Card Receivables	2,440.6	2,552.6	2,422.9	+4.6%	-5.1%
5	Other Assets	9,724.0	13,712.6	12,097.7	+41.0%	-11.8%
6	Merchant Banking Assets	3,353.8	3,363.1	1,851.5	+0.3%	-44.9%
<b>7</b>	<b>Total Assets</b>	<b>82,024.9</b>	<b>103,708.3</b>	<b>96,308.1</b>	<b>+26.4%</b>	<b>-7.1%</b>
8	Deposits	44,431.0	56,397.4	56,951.9	+26.9%	+1.0%
9	Borrowings	8,858.1	11,958.8	9,183.8	+35.0%	-23.2%
10	Debentures	8,547.9	10,790.6	7,855.9	+26.2%	-27.2%
11	Other Liabilities	11,390.2	14,402.5	13,062.1	+26.4%	-9.3%
12	Merchant Banking Liabilities	2,147.0	3,495.6	1,299.6	+62.8%	-62.8%
13	Shareholders' Equity	6,650.8	6,663.5	7,954.8	+0.2%	+19.4%
<b>14</b>	<b>Liabilities &amp; Shareholders' Equity</b>	<b>82,024.9</b>	<b>103,708.3</b>	<b>96,308.1</b>	<b>+26.4%</b>	<b>-7.1%</b>

## F-5. Historical Financial Statements - Annual



### Income Statement

(KRW billion)

Line #	Item	2007	2008	2009	2008 YoY (%)	2009 YoY (%)
1	Net Interest Income	1,886.6	2,238.1	1,917.9	+18.6%	-14.3%
2	Fees & Commissions	581.2	562.8	463.2	-3.2%	-17.7%
3	Non Interest Income	252.8	217.6	159.7	-13.9%	-26.6%
<b>4</b>	<b>Total Income [1+2+3]</b>	<b>2,720.6</b>	<b>3,018.6</b>	<b>2,540.8</b>	<b>+11.0%</b>	<b>-15.8%</b>
5	Total Expenses	1,092.2	1,145.3	1,223.7	+4.9%	+6.8%
<b>6</b>	<b>Operating Income [4-5]</b>	<b>1,628.4</b>	<b>1,873.2</b>	<b>1,317.2</b>	<b>+15.0%</b>	<b>-29.7%</b>
7	Investment Stock Impairment Loss, etc.	-207.6	-90.7	-242.1	U	F
<b>8</b>	<b>Income Before Provisions [6-7]</b>	<b>1,836.0</b>	<b>1,963.8</b>	<b>1,559.3</b>	<b>+7.0%</b>	<b>-20.6%</b>
9	Provisions & Others	319.4	796.4	776.2	+149.3%	-2.5%
10	Loan Loss Provisioning	318.7	726.9	666.3	+128.0%	-8.3%
<b>11</b>	<b>Income before Tax [8-9]</b>	<b>1,516.6</b>	<b>1,167.5</b>	<b>783.1</b>	<b>-23.0%</b>	<b>-32.9%</b>
12	Income Tax Expense	555.6	384.9	-108.6	-30.7%	F
<b>13</b>	<b>Net Income [12-13]</b>	<b>960.9</b>	<b>782.6</b>	<b>891.7</b>	<b>-18.6%</b>	<b>+13.9%</b>
14	Earnings per Share (KRW)	1,490	1,213	1,383	-18.6%	+13.9%

Note: U = Unfavorable  
F = Favorable