



MY(

)PARTNER



## KEB Operating Results for 1H 2009

August 2009

### Contents

- Overview
- Profitability
- Balance Sheet
- Asset Quality
- Capital Adequacy
- Special Topics

The information contained in this presentation material has not yet been audited by a third-party independent auditor and is subject to change during the accounting audit of KEB.



A. Overview

B. Profitability

C. Balance Sheet

D. Asset Quality

E. Capital Adequacy

F. Special Topics

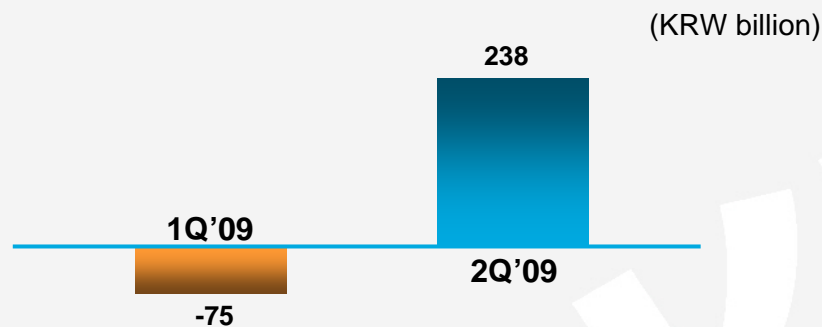
# A. Overview

- 1. 2Q Highlights**
- 2. Asset Quality**
- 3. Capital Adequacy**

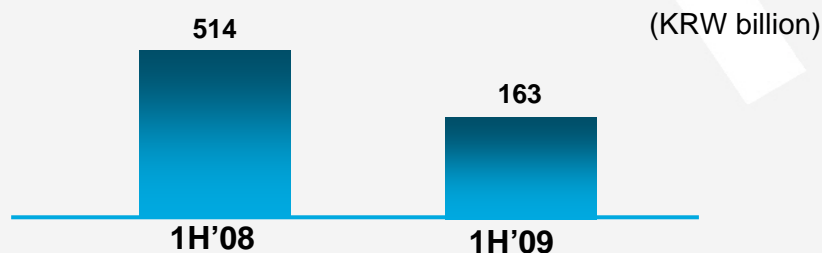
# 1. 2Q Highlights

- **Net income of 238bn in 2Q'09, 163bn in 1H'09**
  - ✓ NIM stabilized in 2Q
  - ✓ With new NPL formation slowing down, credit cost (additional loan loss provisioning) fell 42.5% QoQ
  - ✓ Realized gains from sale of Hyundai E&C shares (137bn after-tax basis)

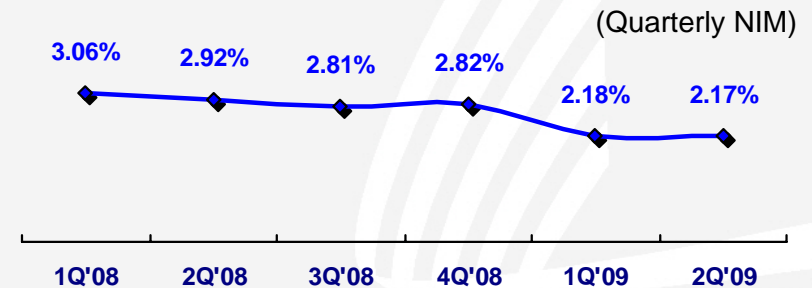
## Net Income: 2Q'09 vs. 1Q'09



## Net Income: 1H'09 vs. 1H'08



## NIM stabilization



- ✓ Monthly NIM in KRW started recovering in 2Q, reflecting gradual repricing of KRW deposits

## Continued international network expansion

- ✓ KEB Asia Finance Limited: IB subsidiary established in Hong Kong (July '09)

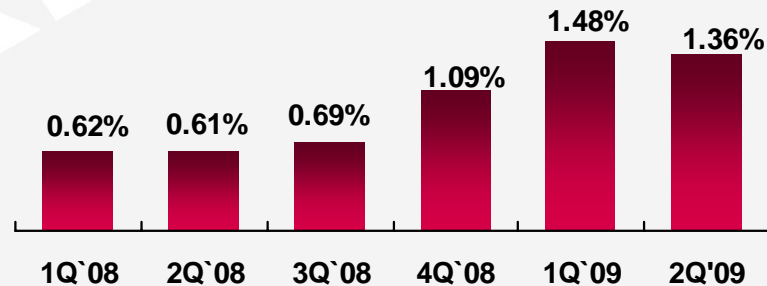
## Recognitions (selected examples)

- ✓ 'Award for Excellence 2009 Best Bank in Korea' by Euromoney (July '09)
- ✓ 'Best Sub-custodian Bank in Korea 2009' for the second consecutive year by Global Finance (May '09)

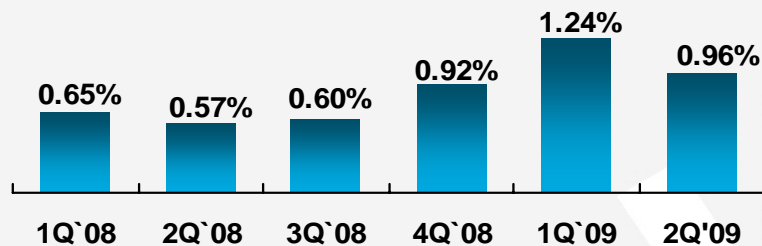
## 2. Asset Quality

- Improvement in asset quality

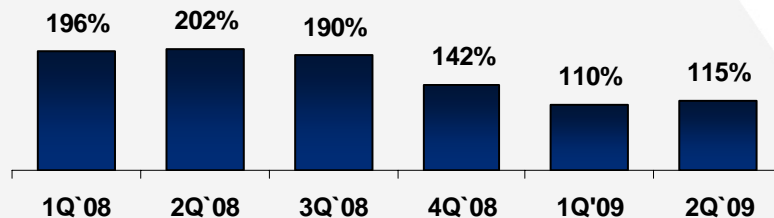
NPL Ratio



Delinquency Ratio

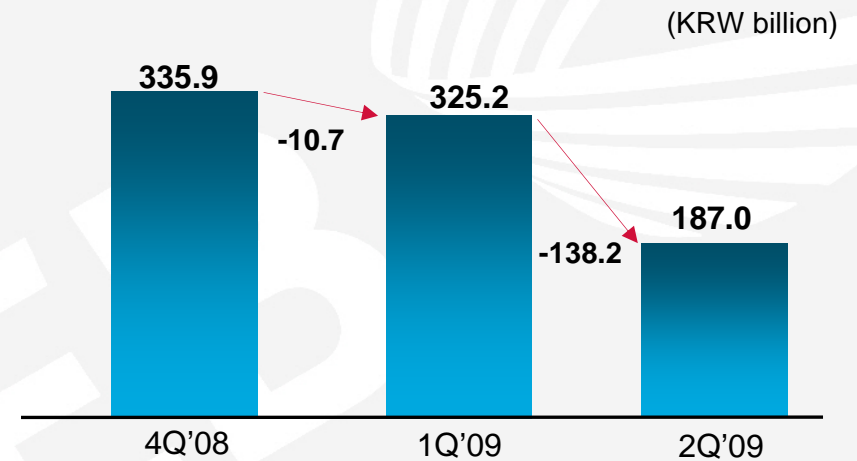


NPL Coverage Ratio



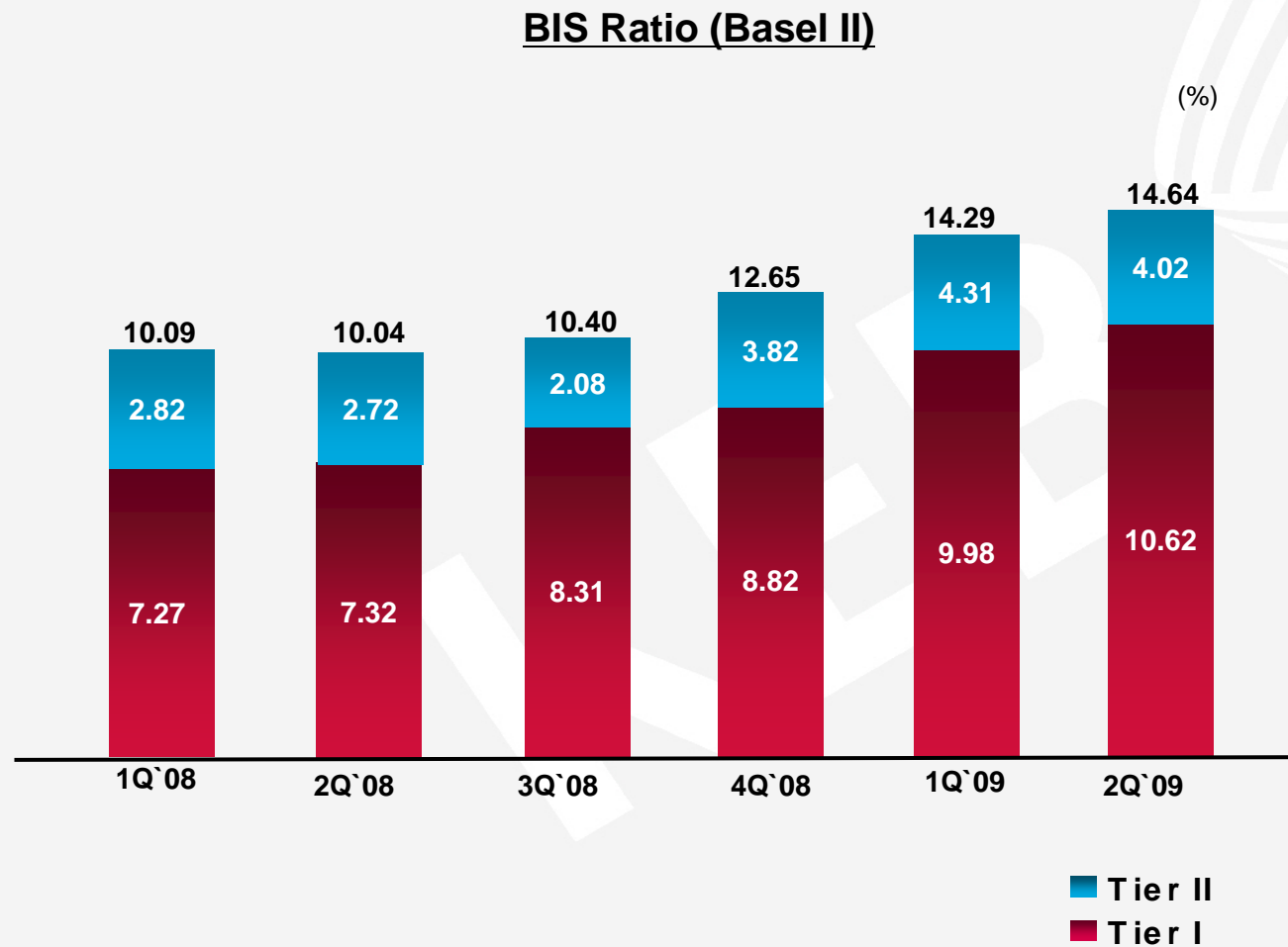
- Sharp decrease in loan loss provisioning as new NPL formation slowed down in 2Q

Loan Loss Provisioning



# 3. Capital Adequacy

- Further strengthening of our capital adequacy ratio



## B. Profitability

- 1. Summary of Profitability**
- 2. Net Interest Margin**
- 3. Fees & Commissions**
- 4. Non Interest Income**
- 5. Total Expenses**
- 6. Provisions & Others**
  - 6-a. Loan Loss Reserve (LLR)**

# 1. Summary of Profitability

(KRW billion)

	2009				2008	
	1H	2Q	1Q	QoQ	1H	YoY
Net Interest Income	890.2	435.2	455.0	-4.4%	1,012.5	-12.1%
Fees & Commissions	232.0	115.2	116.8	-1.4%	285.6	-18.8%
Non Interest Income	73.9	34.2	39.7	-13.9%	133.1	-44.5%
<b>Total Income</b>	<b>1,196.1</b>	<b>584.6</b>	<b>611.5</b>	<b>-4.4%</b>	<b>1,431.2</b>	<b>-16.4%</b>
<b>Total Expenses (-)</b>	<b>624.1</b>	<b>250.9</b>	<b>373.2</b>	<b>-32.8%</b>	<b>567.9</b>	<b>+9.9%</b>
<b>Operating Income</b>	<b>572.0</b>	<b>333.7</b>	<b>238.3</b>	<b>+40.0%</b>	<b>863.4</b>	<b>-33.7%</b>
<b>Investment stock impairment loss, etc. (-)</b>	<b>-207.1</b>	<b>-202.2</b>	<b>-4.9</b>	<b>F</b>	<b>-37.8</b>	<b>F</b>
<b>Income before Provisions</b>	<b>779.1</b>	<b>535.9</b>	<b>243.2</b>	<b>+120.4%</b>	<b>901.1</b>	<b>-13.5%</b>
<b>Provisions &amp; Others (-)</b>	<b>605.4</b>	<b>232.1</b>	<b>373.3</b>	<b>-37.8%</b>	<b>189.9</b>	<b>+218.8%</b>
Add'l loan loss provisioning	512.2	187.0	325.2	-42.5%	198.0	+158.8%
Add'l other provisioning	54.8	36.5	18.3	+99.5%	-23.5	U
<b>Income before Tax</b>	<b>173.7</b>	<b>303.8</b>	<b>-130.1</b>	<b>F</b>	<b>711.3</b>	<b>-75.6%</b>
<b>Income Tax Expense (-)</b>	<b>10.4</b>	<b>65.7</b>	<b>-55.3</b>	<b>U</b>	<b>197.4</b>	<b>-94.7%</b>
<b>Net Income</b>	<b>163.3</b>	<b>238.2</b>	<b>-74.8</b>	<b>F</b>	<b>513.8</b>	<b>-68.2%</b>

## ■ 2Q net income of 238.2bn, up significantly from 1Q

- ✓ Total income of 584.6bn in 2Q, down modestly from 1Q as NIM begins to stabilize
- ✓ Expenses fell 32.8% QoQ due to elimination of extraordinary personnel restructuring expenses incurred in 1Q'09
- ✓ Realized gains from sale of Hyundai E&C shares (180.5 bn pre-tax profit in 'investment stock impairment loss, etc.')
- ✓ Loan loss provisioning sharply dropped 42.5% QoQ as new NPL formation slowed down



## 2. Net Interest Margin (NIM)

		2009		2008			
		2Q	1Q	4Q	3Q	2Q	1Q
Cumulative	Net Interest Margin (NIM)	2.18%	2.18%	2.90%	2.92%	2.99%	3.06%
	NIM in KRW	2.48%	2.56%	3.64%	3.64%	3.69%	3.76%
	NIM in FC	1.38%	1.28%	1.07%	1.01%	0.95%	0.90%
Quarterly	Net Interest Margin (NIM)	2.17%	2.18%	2.82%	2.81%	2.92%	3.06%
	NIM in KRW	2.41%	2.56%	3.60%	3.54%	3.63%	3.76%
	NIM in FC	1.49%	1.28%	1.16%	1.11%	1.00%	0.90%

- Overall 2Q NIM stayed flat with 1Q NIM as the rapid NIM decline seen in 1Q eased

- ✓ Monthly NIM in KRW started recovering in 2Q, reflecting gradual repricing of KRW deposits

	April	May	June	2Q
NIM in KRW	2.29%	2.31%	2.63%	2.41%

- ✓ FC NIM increased 21bp in 2Q vs. 1Q

### 3. Fees & Commissions



(KRW billion)

	2009 1H	2Q	1Q	QoQ	2008 1H	YoY
<b>Gains from FX transactions</b>	<b>142.7</b>	<b>66.3</b>	<b>76.4</b>	<b>-13.2%</b>	141.9	<b>+0.5%</b>
<b>Fees &amp; Commissions</b>	<b>89.3</b>	<b>48.9</b>	<b>40.4</b>	<b>+21.0%</b>	143.7	<b>-37.9%</b>
KRW currency related	66.0	35.2	30.8	+14.3%	108.4	-39.1%
Foreign currency related	67.7	33.8	33.9	-0.3%	75.5	-10.3%
Card sector	-88.3	-43.7	-44.6	F	-75.9	U
Others	43.8	23.5	20.3	+15.8%	35.6	+22.9%
<b>Total Fees &amp; Commissions</b>	<b>232.0</b>	<b>115.2</b>	<b>116.8</b>	<b>-1.4%</b>	<b>285.6</b>	<b>-18.8%</b>
<b>Total Fees &amp; Commissions / Total Income</b>	<b>19.4%</b>	<b>19.7%</b>	<b>19.1%</b>	<b>+0.6%p</b>	<b>20.0%</b>	<b>-0.6%p</b>

- Gains from FX transactions: -13.2% QoQ due to the FX margin decline in 2Q, which includes effect of KRW appreciation against USD, but was up 0.5% YoY
- Fees and commissions from KRW investment product sales in 2Q have begun to recover with equity markets
- FC related fees and commissions in 2Q remained stable

## 4. Non Interest Income



(KRW billion)

	2009 1H	2Q	1Q	QoQ	2008 1H	YoY
Operating trust account	15.2	8.9	6.3	+41.3%	16.5	-7.8%
Merchant account	27.0	8.9	18.1	-50.8%	17.6	+53.2%
Trading profit	-3.0	-7.5	4.5	U	67.1	U
Subsidiaries	37.5	19.7	17.8	+10.7%	38.2	-1.8%
Others	-2.8	4.2	-7.0	F	-6.3	F
<b>Non Interest Income</b>	<b>73.9</b>	<b>34.2</b>	<b>39.7</b>	<b>-13.9%</b>	<b>133.1</b>	<b>-44.5%</b>

- **Non interest income decreased 13.9% QoQ due to a contraction of the merchant business & trading account**
  - ✓ Trust account: +2.6bn QoQ
  - ✓ Merchant account: -50.8% QoQ due to exceptional profit in 1Q
  - ✓ Trading profit: affected by valuation loss from the difference in the exchange rate application on matched future (in the market) and forward (over-the-counter) transactions by FSS regulations and rising swap cost for funding non-dollar foreign currencies
  - ✓ Subsidiaries: +10.7% QoQ due to good performance from subsidiaries

## 5. Total Expenses



(KRW billion)

	2009				2008	
	1H	2Q	1Q	QoQ	1H	YoY
<b>Salaries &amp; Benefits</b>	<b>353.7</b>	<b>145.6</b>	<b>208.1</b>	<b>-30.0%</b>	<b>356.8</b>	<b>-0.9%</b>
Salaries	274.1	100.2	173.9	-42.4%	266.8	+2.7%
Employee benefits	79.6	45.4	34.2	+32.7%	90.0	-11.6%
<b>Operating Expenses</b>	<b>198.2</b>	<b>68.3</b>	<b>129.9</b>	<b>-47.4%</b>	<b>139.3</b>	<b>+42.2%</b>
<b>Depreciation</b>	<b>55.8</b>	<b>28.9</b>	<b>26.9</b>	<b>+7.4%</b>	<b>54.9</b>	<b>+1.7%</b>
<b>Tax &amp; Dues</b>	<b>16.4</b>	<b>8.1</b>	<b>8.3</b>	<b>-2.4%</b>	<b>16.8</b>	<b>-2.6%</b>
<b>Total Expenses</b>	<b>624.1</b>	<b>250.9</b>	<b>373.2</b>	<b>-32.8%</b>	<b>567.8</b>	<b>+9.9%</b>

### ■ Salaries & Benefits

- ✓ Salaries: -42.4% QoQ due to accounting recognition timing of certain employee costs (recognized in 1Q and 3Q)
- ✓ Benefits: 11bn special bonus for meeting bank performance target, paid in 2Q

### ■ Operating Expenses: -47.4% QoQ due to elimination of 1Q extraordinary personnel restructuring expenses of 63bn

## 6. Provisions & Others



(KRW billion)

	2009 1H	2Q	1Q	QoQ	2008 1H	YoY
<b>Loan Loss Provisioning</b>	<b>512.2</b>	<b>187.0</b>	<b>325.2</b>	<b>-42.5%</b>	<b>198.0</b>	<b>+158.8%</b>
Corporate	446.0	145.6	300.5	-51.6%	177.3	+151.6%
Household	25.1	18.4	6.7	+174.6%	11.2	+124.1%
Card	41.1	23.0	18.0	+28.3%	9.4	+337.2%
<b>Other Provisioning, etc.</b>	<b>54.8</b>	<b>36.5</b>	<b>18.3</b>	<b>+99.5%</b>	<b>-23.5</b>	<b>U</b>
<b>Retirement Allowance</b>	<b>38.4</b>	<b>8.6</b>	<b>29.8</b>	<b>-71.1%</b>	<b>15.4</b>	<b>+149.0%</b>
<b>Total</b>	<b>605.4</b>	<b>232.1</b>	<b>373.3</b>	<b>-37.8%</b>	<b>189.9</b>	<b>+218.8%</b>

- Sharp decrease seen in loan loss provisioning as new NPL formation slowed down in 2Q
- Modest impact from restructuring efforts
  - ✓ Additional provisioning for construction: LLP 10.5bn
  - ✓ Credit risk evaluation of large corporations: LLP 18.8bn, other provisioning 2.4bn
  - ✓ 1<sup>st</sup> round SME restructuring: LLP: 14.6bn, other provisioning 0.5bn
- LLP for household increased as household loans grew

## 6-a. Loan Loss Reserve (LLR)



				(KRW billion)
	2009 1H	2Q	1Q	2008 1H
Beginning LLR	1,144.0	1,170.5	1,144.0	791.7
Additional Provisioning	512.2	187.0	325.2	198.0
Write-offs (-)	602.4	274.8	327.6	213.0
Reversals & Others	72.4	43.5	28.9	80.6
Ending LLR*	1,126.2	1,126.2	1,170.5	857.2
<b>NPL Coverage** (%)</b>	<b>115.2%</b>	<b>115.2%</b>	<b>109.9%</b>	<b>202.4%</b>

\* LLR consists of reserves on the credits subjected to 'asset quality classification report to FSS' (credits subjected to NPL categories + other credit exposures) and reserves on undeterminable guarantee & acceptance.

\*\* NPL coverage uses only LLR on the credits subjected to NPL categories

- **NPL coverage ratio rose to ~115%**

## C. Balance Sheet

- 1. Summarized Balance Sheet**
- 2. Deposits in KRW**
- 3. Loans in KRW**
  - 3-a. Household Loans in KRW**

# 1. Summarized Balance Sheet



(KRW billion)

	Jun 09	Mar 09	QoQ	Dec 08	YtD
Cash & Due from Banks	6,858.8	8,993.5	-23.7%	10,107.7	-32.1%
Securities	14,949.0	13,957.7	+7.1%	12,112.6	+23.4%
Loans	62,041.6	62,741.5	-1.1%	64,412.3	-3.7%
- Credit Card Receivables	2,408.2	2,444.0	-1.5%	2,552.6	-5.7%
Other Assets	15,470.2	17,659.9	-12.4%	13,712.6	+12.8%
Merchant Banking Assets	2,259.9	3,005.7	-24.8%	3,363.1	-32.8%
<b>Total Assets</b>	<b>101,579.5</b>	<b>106,358.3</b>	<b>-4.5%</b>	<b>103,708.3</b>	<b>-2.1%</b>
Deposits	53,882.4	52,786.0	+2.1%	56,397.4	-4.5%
Borrowings	11,565.8	12,844.4	-10.0%	11,958.8	-3.3%
Debentures	9,834.4	10,665.7	-7.8%	10,790.6	-8.9%
Other Liabilities	18,217.5	20,879.4	-12.7%	14,402.5	+26.5%
Merchant Banking Liabilities	1,214.3	2,471.4	-50.9%	3,495.7	-65.3%
Shareholders' Equity	6,865.1	6,711.4	+2.3%	6,663.5	+3.0%
<b>Liabilities &amp; Shareholders' Equity</b>	<b>101,579.5</b>	<b>106,358.3</b>	<b>-4.5%</b>	<b>103,708.3</b>	<b>-2.1%</b>

## ■ Assets

- ✓ Loans: Maintained at 1Q level through continued disciplined asset management
- ✓ Securities: +7.1% QoQ due to an increase in holdings of short-term securities to manage liquidity

## ■ Liabilities

- ✓ Deposits: +2.1% QoQ , helped by growth of FC deposits while KRW deposits slightly fell
- ✓ Borrowings: -10.0% QoQ due to redemption of FC funding from the government

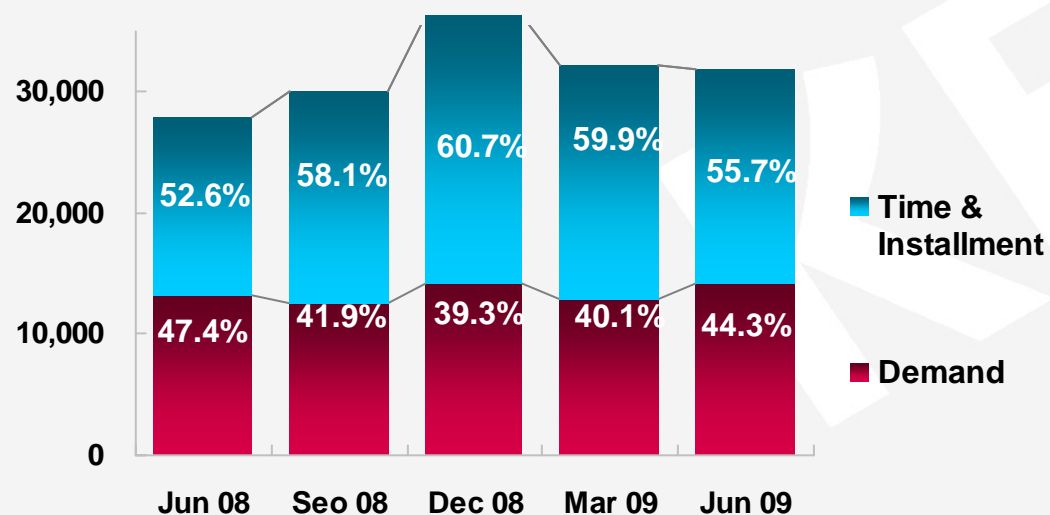


## 2. Deposits in KRW

(KRW billion)

	Cost	Jun 09	Mar 09	QoQ	Dec 08	YtD
Demand Deposits	Lower	14,140.4	12,904.8	+9.6%	14,244.5	-0.7%
Time & Installment Deposits	Higher	17,743.7	19,274.3	-7.9%	22,001.1	-19.4%
Total KRW Deposits	-	31,884.1	32,179.1	-0.9%	36,245.6	-12.0%

### KRW Deposits by Type



- Increase in lower cost demand deposits enabled a reduction in higher cost time & installment deposits

- ✓ Demand deposits: +9.6% QoQ
- ✓ Time & installment deposits: -7.9%

- As of end-2Q, loan-to-deposit ratio remained stable at 104.3%

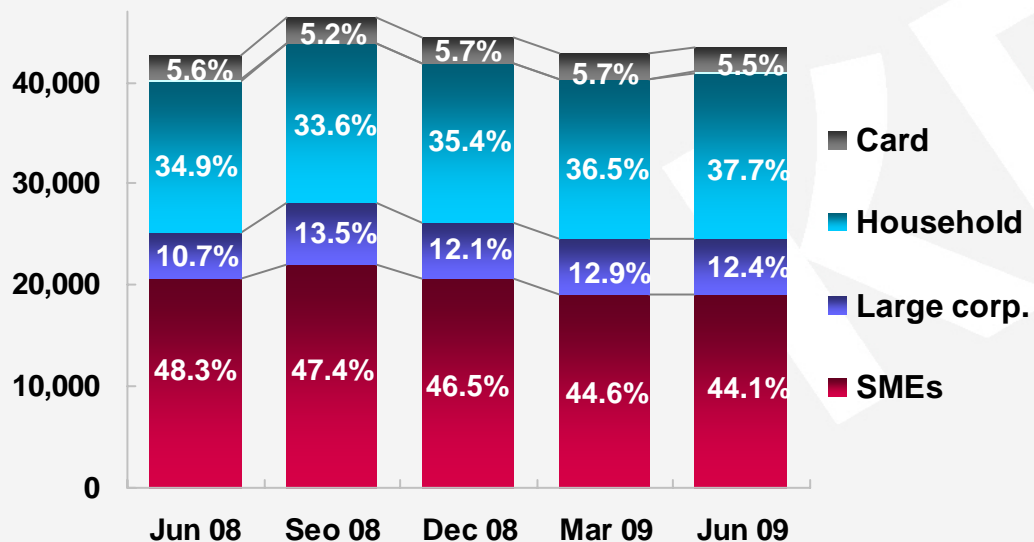
### 3. Loans in KRW



(KRW billion)

	Jun 09	Mar 09	QoQ	Dec 08	YtD
Household	16,374.4	15,625.5	+4.8%	15,762.5	+3.7%
SMEs	19,161.2	19,103.7	+0.3%	20,707.6	-7.4%
Large Corp.	5,407.9	5,516.6	-2.0%	5,369.1	+0.3%
Public & Others	112.5	116.4	-3.4%	129.7	-13.2%
Credit Card	2,408.2	2,444.0	-1.5%	2,552.6	-5.7%
<b>Total Loans in KRW</b>	<b>43,464.2</b>	<b>42,806.2</b>	<b>+1.5%</b>	<b>44,521.5</b>	<b>-2.4%</b>

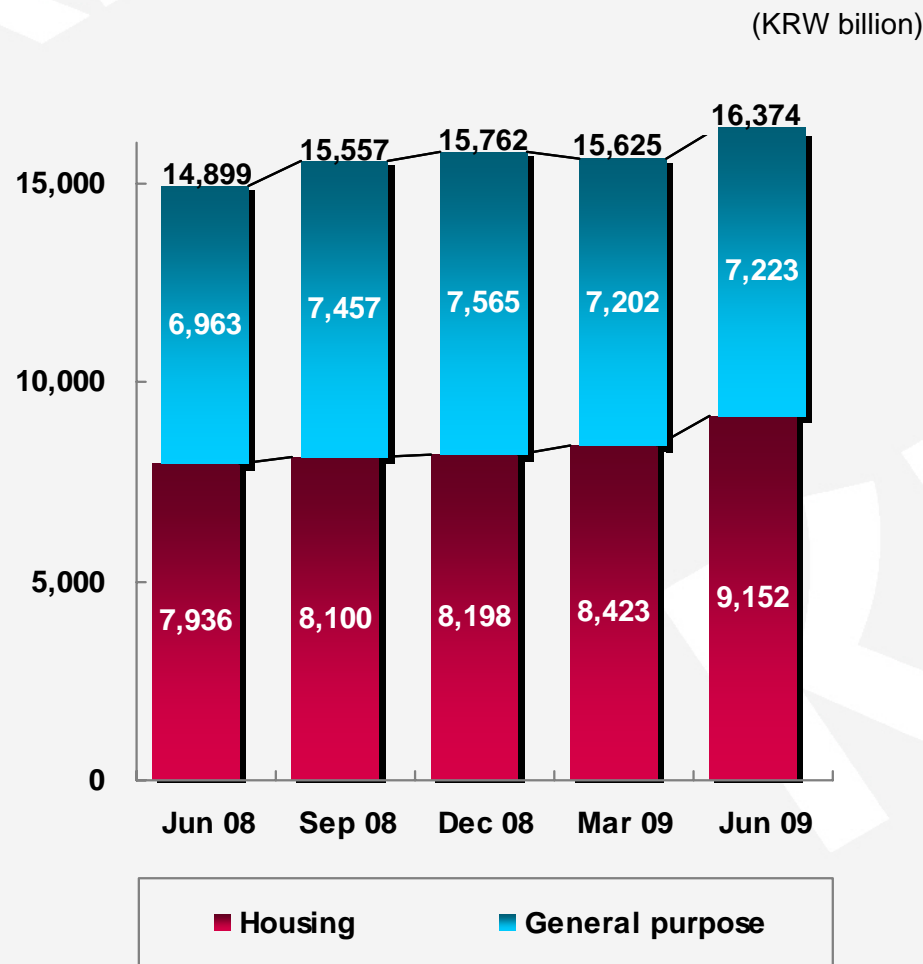
Portfolio of Loans in Korean Won



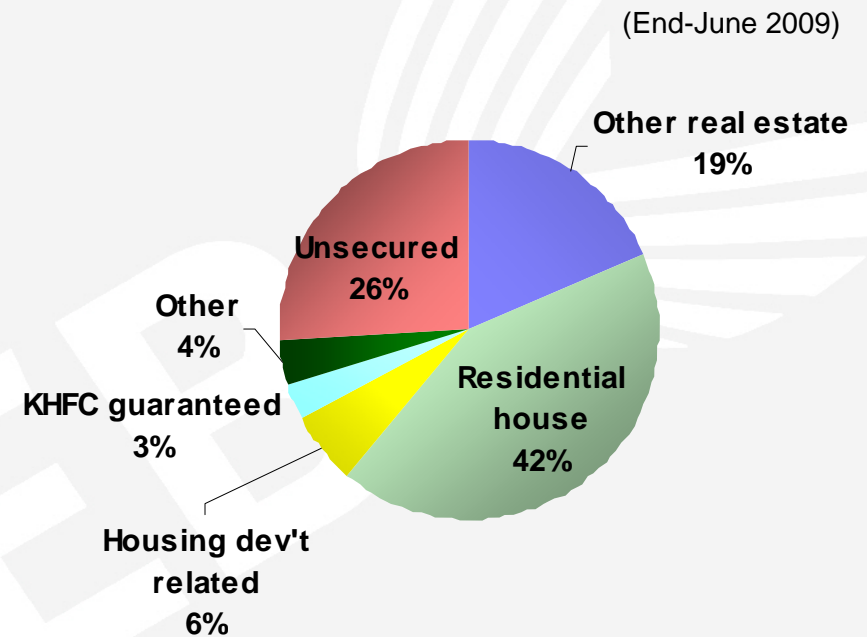
- KRW loans rose slightly under disciplined loan management
- Some composition change within KRW loan portfolio
  - ✓ SMEs: -0.5%p QoQ
  - ✓ Large Corporations: -0.5%p QoQ
  - ✓ Household: +1.2%p QoQ
  - ✓ Card: -0.2%p QoQ

### 3-a. Household Loans in KRW

Household Loans in KRW



Household Loans by Collateral Type



- Housing loans continued its growth trend since the easing of real estate regulations by the government
- General purpose household loans stayed flat with 1Q'09

## **D. Asset Quality**

### **1. Asset Quality**

#### **1-a. Asset Quality by Borrower Type**

### **2. Delinquency**

#### **2-a. Delinquency in SME Loans in KRW**

# 1. Asset Quality



(KRW billion)

	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08
Normal	67,197.8	67,689.4	69,454.7	73,455.6	63,967.2
Precautionary	764.7	657.2	716.0	501.9	378.2
Substandard	591.0	626.4	422.7	297.5	266.9
Doubtful	193.5	159.1	92.2	63.6	35.2
Estimated loss	155.9	238.4	260.3	152.0	94.9
<b>Total credits</b>	<b>68,902.9</b>	<b>69,370.5</b>	<b>70,945.9</b>	<b>74,470.6</b>	<b>64,742.4</b>
<b>NPL (substandard &amp; below loans) ratio</b>	<b>1.36%</b>	<b>1.48%</b>	<b>1.09%</b>	<b>0.69%</b>	<b>0.61%</b>
Loan loss reserve	1,083.4	1,125.5	1,097.1	973.1	803.6
<b>NPL coverage ratio</b>	<b>115.2%</b>	<b>109.9%</b>	<b>141.5%</b>	<b>189.7%</b>	<b>202.4%</b>

- NPL ratio fell as new NPL formation slowed down
- NPL coverage ratio rose to ~115%

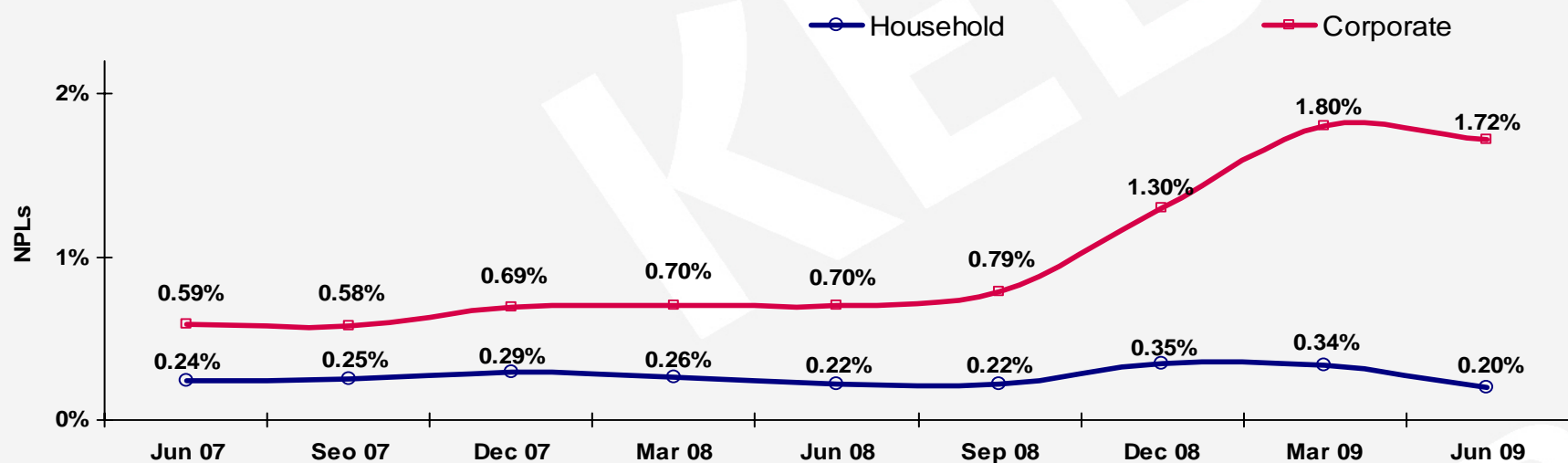
# 1-a. Asset Quality by Borrower Type



(KRW billion)

	Household					Corporate				
	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08
Total credits	16,477.8	15,729.5	15,883.8	15,694.9	15,048.6	50,015.0	51,193.9	52,505.9	56,354.5	47,307.4
NPLs (substandard & below loans)	33.2	53.4	56.0	34.7	33.2	857.9	922.8	684.0	444.0	332.2
NPL ratio	0.20%	0.34%	0.35%	0.22%	0.22%	1.72%	1.80%	1.30%	0.79%	0.70%
Loan loss reserves	187.4	182.2	188.2	173.3	167.7	820.1	867.0	838.7	733.5	572.1

## NPL Ratios by Borrower Type

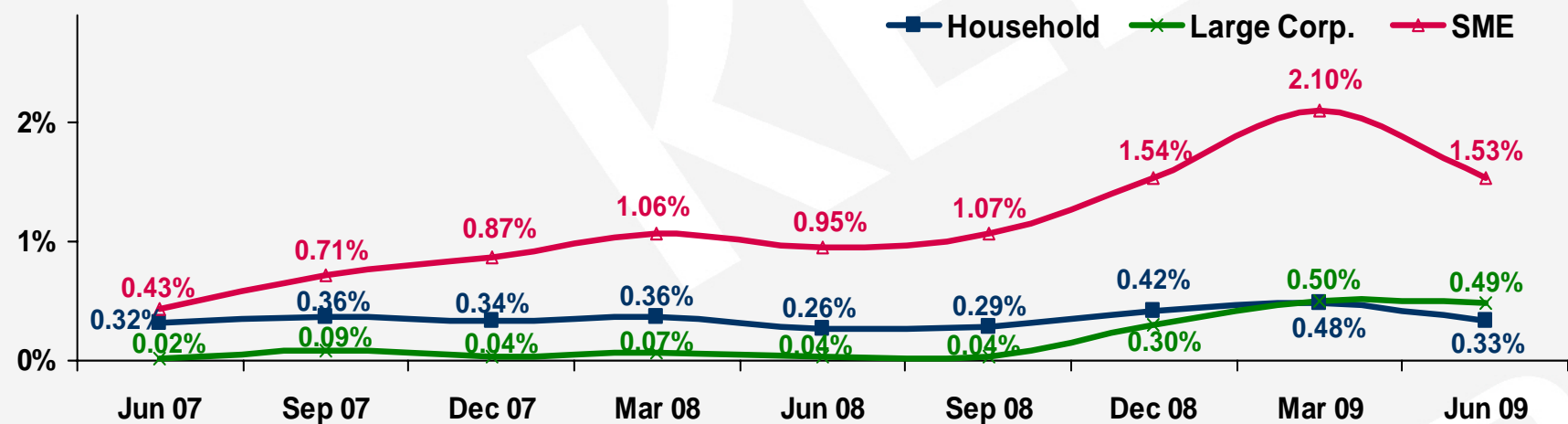


## 2. Delinquency

(KRW billion)

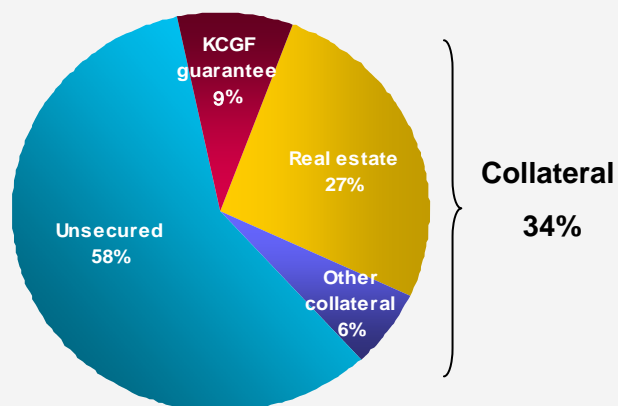
	Jun 09	Mar 09	QoQ	Dec 08	Sep 08	Jun 08
Household	0.33%	0.48%	-0.15%p	0.42%	0.29%	0.26%
SME	1.53%	2.10%	-0.57%p	1.54%	1.07%	0.95%
Large corp. & Others	0.49%	0.50%	-0.01%p	0.30%	0.04%	0.04%
Card	3.01%	3.13%	-0.12%p	2.36%	2.20%	2.03%
<b>Total delinquency ratio</b>	<b>0.96%</b>	<b>1.24%</b>	<b>-0.28%p</b>	<b>0.92%</b>	<b>0.60%</b>	<b>0.57%</b>
<b>Total delinquent amount</b>	<b>576.5</b>	<b>755.3</b>	<b>-23.7%</b>	<b>586.5</b>	<b>397.8</b>	<b>330.6</b>
<b>Total loans</b>	<b>60,273.9</b>	<b>60,969.0</b>	<b>-1.1%</b>	<b>63,511.1</b>	<b>66,242.5</b>	<b>58,460.3</b>

Delinquency Ratios by Borrower Type



## 2-a. Delinquency in SME Loans in KRW

### SME Loans in KRW by Collateral Type

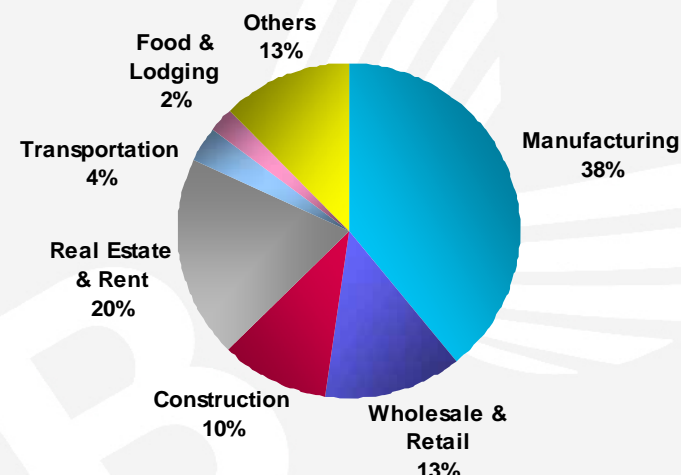


### ■ SME Delinquency Ratio for KRW Loans

	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08
Unsecured	0.78%	0.87%	0.66%	0.38%	0.27%
Guaranteed	2.25%	2.86%	2.26%	1.74%	1.79%
Collateralized	3.53%	4.94%	3.54%	2.67%	2.29%
<b>Total</b>	<b>1.72%</b>	<b>2.31%</b>	<b>1.77%</b>	<b>1.27%</b>	<b>1.11%</b>

- ✓ Low and manageable unsecured exposure delinquency – Reflects quality of KEB's SME customers
- ✓ Guaranteed book – Despite higher delinquency, loss severity is low (KCGF backstops 80~90% of guaranteed amount)
- ✓ Collateralized loans – Continued pressure in selected industries. Tight monitoring in place, and loan value protected

### SME Loans in KRW by Industry



Industry	Delinquency Ratio				
	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08
Manufacturing	1.23%	1.76%	1.79%	0.99%	0.81%
Construction	1.96%	2.19%	1.71%	1.09%	1.08%
Wholesale & Retail	1.79%	3.22%	2.44%	1.38%	1.12%
Transportation	3.15%	4.86%	1.15%	0.37%	0.43%
Food & Lodging	4.25%	4.88%	2.42%	2.41%	2.10%
Real Estate & Rent	1.84%	1.74%	0.95%	1.22%	1.11%
Others	1.98%	2.73%	2.34%	2.16%	1.90%
<b>Total</b>	<b>1.72%</b>	<b>2.31%</b>	<b>1.77%</b>	<b>1.27%</b>	<b>1.11%</b>

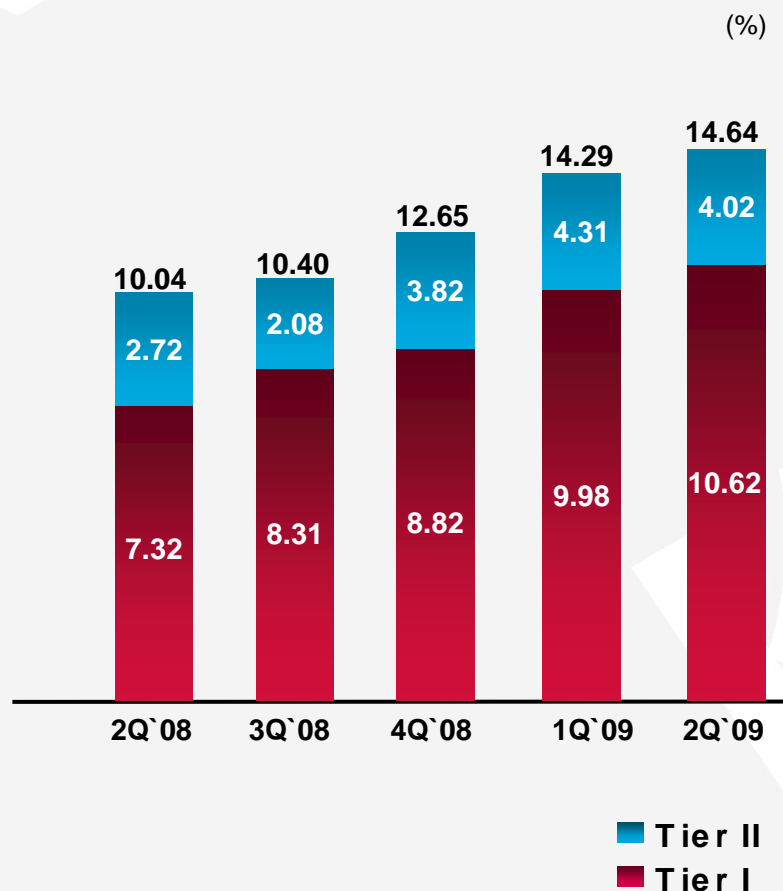


## E. Capital Adequacy

### 1. Capital Adequacy Ratio

# 1. Capital Adequacy Ratio

## BIS Ratio (Basel II)



### ■ Key factors impacting 2Q Basel II BIS ratio

✓ Risk weighted asset reduction of 1tr → +24bp

✓ Capital growth of 64bn → +11bp

- Tier 1 capital increase of 280bn → +47bp

- Driven principally by an increase in retained earnings

- Tier 2 capital decrease of 216bn → -36bp

- Driven principally by amortization of subordinated debt

## F. Special Topics

1. **Strict Risk Exposure Management**
2. **Market Leadership in FX & Trade Finance**
3. **KIKO Exposure**
4. **Shareholding Structure**

# 1. Strict Risk Exposure Management

## ■ Project Financing & ABCP Commitments Exposure (2Q'09)

(KRW billion)

Grade (Internal Rating)	Probability of Default (From experience)	Exposure	
		Project Financing	ABCP
3	0.19%	370.4	522.8
4	0.43%	293.0	163.6
5+	0.91%	969.3	419.5
5(0) and Below	1.79%~	688.8	58.3
<b>Total</b>		<b>2,321.5</b>	<b>1,164.2</b>

### ✓ Stable level of PF loans and ABCP commitments maintained

- PF: +106.5 bn QoQ
- ABCP: -102.3bn QoQ

## ■ Minimal impact from the credit risk evaluation of large corporations (2Q'09)

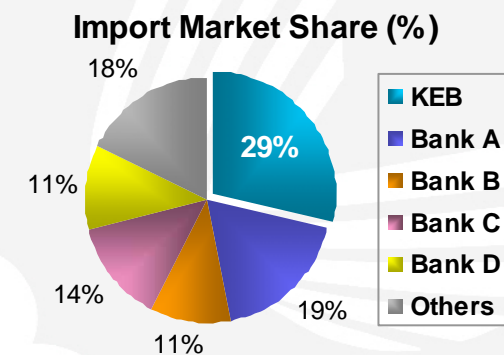
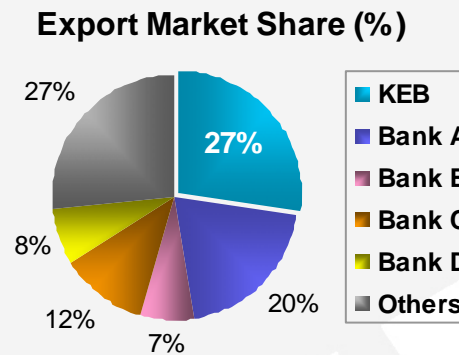
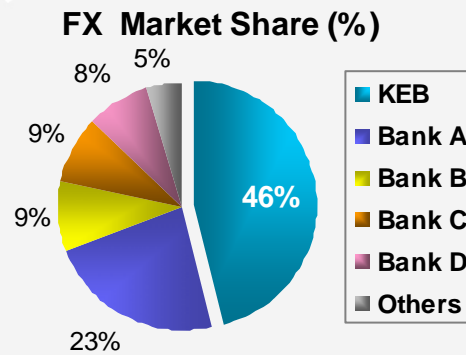
- ✓ Subject companies: companies with total credit of more than 50bn
- ✓ Impact to KEB: 5 grade C companies, 1 grade D company → LLP 18.8bn, other provisioning 2.4bn

## ■ Minimal impact from the 1<sup>st</sup> round of SME restructuring (2Q'09)

- ✓ Subject companies: companies with total credit of more than 5bn & less than 50bn
- ✓ Impact to KEB: 7 grade C companies, 2 grade D companies → LLP 14.6bn, other provisioning 0.5bn

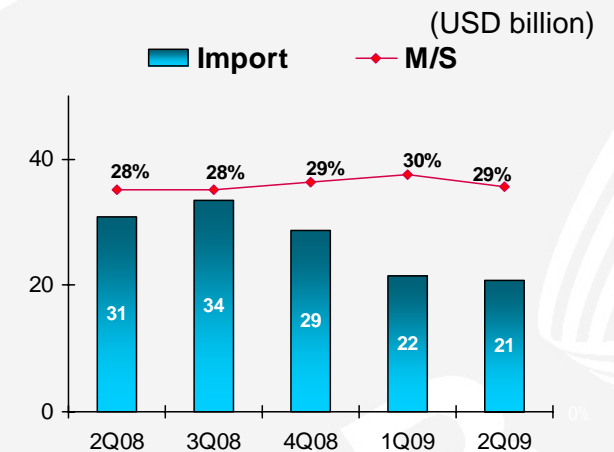
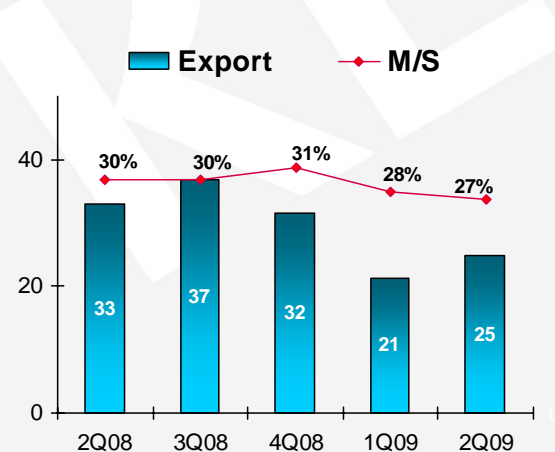
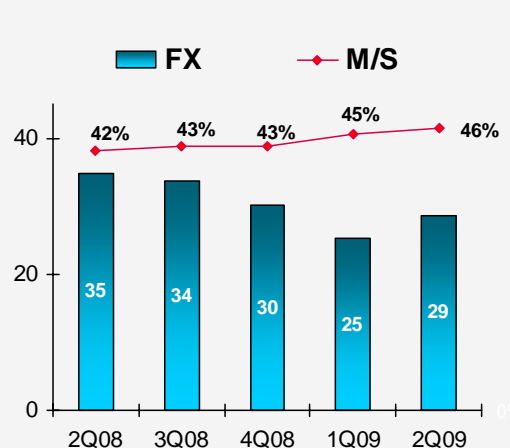
## 2. Market Leadership in FX & Trade Finance

### Strong Market Leadership



- Market Share: FX based on 7 large domestic banks' transactions, exports/imports based on national trade volume

### Trading Volume & Market Share



### 3. KIKO Exposure

#### Substantial improvement

	Jun 09	Mar 09	Change
<b>KRW/USD FX spot rate</b>	1,284.70	1,377.10	-92.40
<b>Number of customers with KIKO contracts (SMEs)</b>	17 (17)	27 (27)	-10 (-10)
<b>Customer valuation loss* on remaining contracts (KRW bn)</b>	68.3	118.9	-50.6
<b>Customer valuation loss* - average per customer (KRW bn)</b>	4.0	4.4	-0.4

\* "Customer valuation loss" represents the amount payable by the customer under all future contract commitments if the FX rate remains at the end-quarter level. Customer valuation loss on open contracts is partially offset (~50% if used as hedge) by higher value of customers' future hedged FC revenue

<b>&gt; KRW 10bn</b>	# of customers	2	4	-2
	Amount	28.7	70.9	-42.2
<b>KRW 5-10bn</b>	# of customers	3	2	+1
	Amount	21.4	14.4	+7.0
<b>KRW 1-5bn</b>	# of customers	8	11	-3
	Amount	16.9	30.5	-13.6
<b>&lt; KRW 1bn</b>	# of customers	4	10	-6
	Amount	1.3	3.1	-1.8

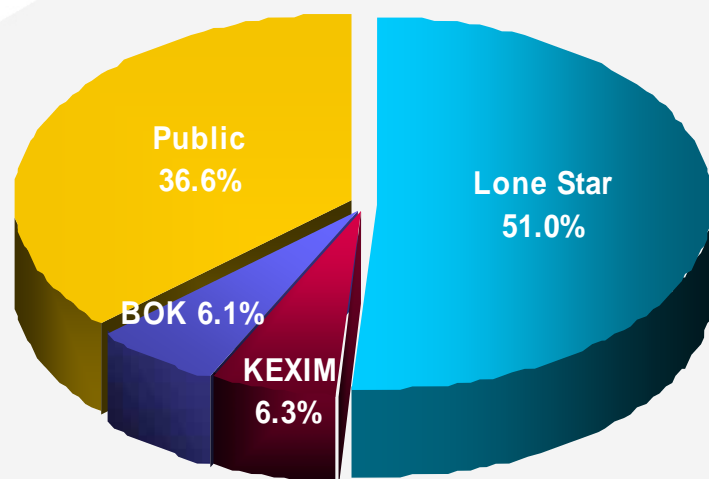
- For the great majority of customers, their loss on KIKO contracts is a profitability issue, not a threat to their solvency

- ✓ Average KRW 4.0bn per customer
- ✓ Customers' future potential loss offset by higher value of their future hedged FC revenue

- Customers with KIKO-related valuation loss >KRW 10bn decreased from 4 at end-March 09 to 2 at end-June 09

## 4. Shareholding Structure

### 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)

	Jun 09	Mar 09	Dec 08	YtD
<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>Capital Adjustment</b> (Unrealized gains on investment securities, gains from tangible assets revaluation, etc.)	868.3*	949.3	749.2	+119.1
<b>Retained Earnings</b>	2,771.4	2,536.6**	2,693.3	+78.1
<b>Total Shareholders' Equity</b>	6,865.1	6,711.4	6,663.5	+201.6
<b>Book value per share</b>	10,645	10,407	10,333	+ 312

\* Impact of sale of Hyundai E&C shares in May '09: -109bn, 406M shares

\*\* Recognized dividend in 1Q'09: 80.6bn, 125 per share