

# 2Q 2008 Financial Results

(2008. 7. 16)

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## DISCLAIMER

The financial information presented herein is prepared on the basis of pre-audited financial statement of Pusan Bank and is based upon the plans, strategies and expectations of the bank's management. All information described in this presentation should be treated as forward looking statements that are subject to risks and uncertainties. Actual results could vary materially from the expectations reflected in this presentation, thus the statements presented herein do not purport to be a complete description of the bank's operations or future developments. Readers are cautioned not to place undue reliance on these statements, which speak only as of the date of this presentation Pusan Bank does not undertake any obligation to publicly release any revisions to these statements to reflect any future events

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### Growth

- ❖ Total Assets : Up by 1,609.7 billion KRW, 5.7% QoQ
- ❖ Total Deposits : Up by 1,497.0 billion KRW, 7.4% QoQ
- ❖ Total Loans : Up by 1,128.0 billion KRW, 6.3% QoQ

### Asset Quality

- ❖ P&B Loan Ratio : 1.63%, Improved 0.14%P QoQ
- ❖ S&B Loan Ratio : 0.64%, Improved 0.04%P QoQ
  - Coverage Ratio, 185.40%, up by 4.58%P QoQ
- ❖ Delinquency Ratio : 0.64%, Improved 0.10%P QoQ

### Profitability

#### ❖ Top Line

##### ➢ Net Interest Income increased by 8.7% YoY

- Despite NIM squeeze, benign loan growth drove steady NII growth.
- Low cost deposit, in terms of absolute amount, grew 7.9% YoY

##### ➢ Net Fee & Commission income increased by 5.9% YoY

- Bancassurance & mutual fund sales increased by 77.1% YoY & 50.0% YoY respectively

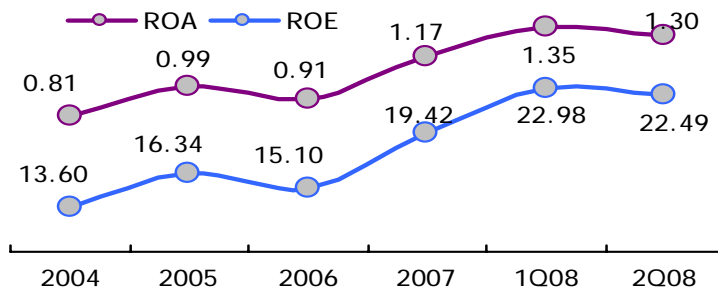
#### ❖ Bottom Line

##### ➢ Credit cost : Managed at 34bp(lower than the full year target of 40bp)

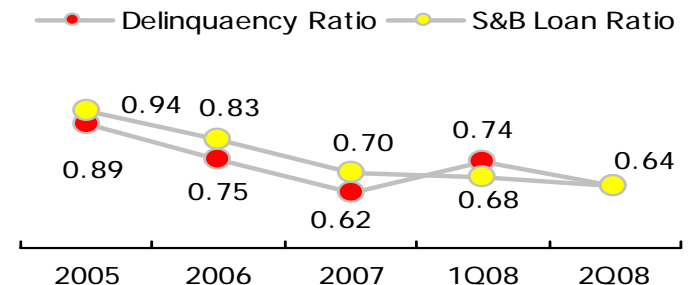
##### ➢ SG&A : Increased by 14.2%, largely due to wage inflation, amortization and other expenses

- However, Cost income ratio improved to 41.18%, 3.36%P lower than last year average of 44.54%

ROA / ROE



Asset Quality



## 2. Key Financial Indicators



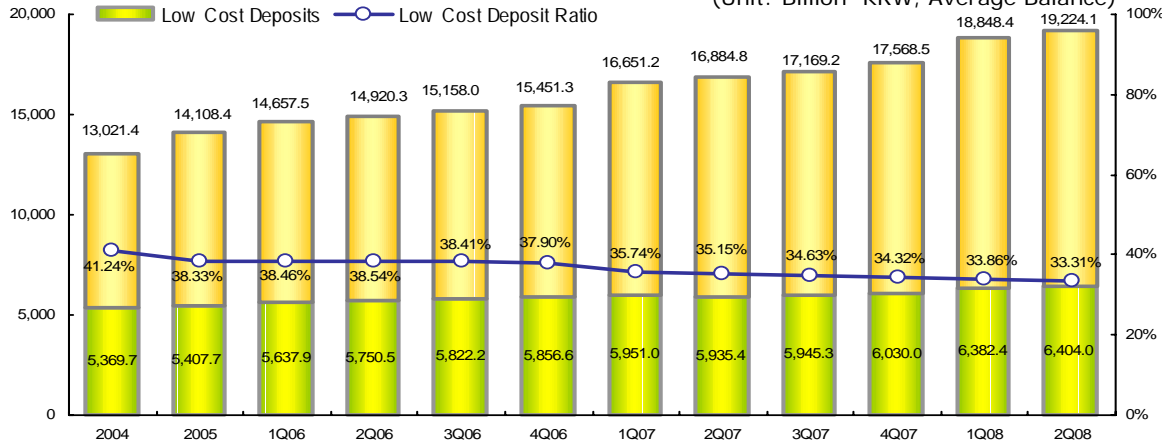
(Unit: Billion won, %, %p)

	2008		2007				QoQ	YTD
	2Q	1Q	4Q	3Q	2Q	1Q		
<b>Total Assets</b>	<b>29,612.7</b>	28,012.9	27,298.0	26,041.2	25,910.0	23,402.7	5.7	8.5
Bank Account	<b>28,173.0</b>	26,795.9	25,990.6	24,500.5	24,434.2	22,149.9	5.1	8.4
Trust Account	<b>1,439.7</b>	1,217.0	1,307.4	1,540.7	1,475.8	1,252.8	18.3	10.1
<b>Total Deposits</b>	<b>21,718.0</b>	20,220.9	20,474.4	19,586.8	19,170.2	17,958.6	7.4	6.1
Bank Account	<b>20,319.3</b>	19,004.9	19,232.1	18,201.2	17,796.2	16,923.9	6.9	5.7
Won Deposits	<b>14,192.7</b>	13,228.8	13,219.8	12,592.4	12,679.0	12,285.6	7.3	7.4
Demand	<b>1,527.4</b>	1,572.8	1,561.9	1,540.6	1,546.2	1,370.5	-2.9	-2.2
Savings	<b>12,553.5</b>	11,547.4	11,548.6	10,931.5	11,006.1	10,782.0	8.7	8.7
Installments	<b>111.7</b>	108.6	109.3	120.3	126.7	133.1	2.9	2.2
Trust Account	<b>1,398.7</b>	1,216.0	1,242.3	1,385.6	1,374.0	1,034.7	15.0	12.6
<b>Total Loans</b>	<b>19,152.1</b>	18,024.1	17,366.8	17,083.4	16,554.4	15,297.4	6.3	10.3
Total Loans	<b>18,615.0</b>	17,555.8	16,879.1	16,551.2	16,019.1	14,812.4	6.0	10.3
Won Loans	<b>16,979.6</b>	16,284.7	15,932.1	15,614.9	15,073.6	13,907.6	4.3	6.6
SMEs	<b>11,892.7</b>	11,266.9	11,045.3	10,814.3	10,287.6	9,109.0	5.6	7.7
Household	<b>3,886.9</b>	3,830.4	3,801.2	3,764.6	3,709.6	3,687.8	1.5	2.3
Advances for Customer	<b>537.1</b>	468.3	487.7	532.2	535.3	485.0	14.7	10.1
<b>Total Securities</b>	<b>6,031.6</b>	5,695.3	5,874.7	5,422.9	5,749.2	5,719.6	5.9	2.7
Bank Account	<b>5,160.3</b>	4,903.5	5,027.9	4,574.3	4,789.0	4,857.2	5.2	2.6
Trust Account	<b>871.3</b>	791.8	846.8	848.6	960.2	862.4	10.0	2.6
<b>Shareholders' Equity</b>	<b>1,547.0</b>	1,475.9	1,472.7	1,438.5	1,369.7	1,294.1	4.8	5.0
<b>Loan to Deposit Ratio(%)</b>	<b>119.64</b>	123.10	120.52	124.00	118.89	113.20	-3.46	-0.88



### Low cost deposit growth

(Unit: Billion KRW, Average Balance)



### Low-cost deposit Funding Costs

(Unit: %, accumulated)

	2Q 08	4Q 07	4Q 06	4Q05
Demands	<b>0.33</b>	0.32	0.31	0.31
Savings	<b>0.28</b>	0.31	0.33	0.34
Installments	<b>3.28</b>	2.94	2.79	2.08
<b>Total</b>	<b>1.22</b>	<b>1.00</b>	<b>0.92</b>	<b>0.69</b>

(Unit: %, %p, Average Balance)

	2008		2007				QoQ	YTD
	2Q	1Q	4Q	3Q	2Q	1Q		
<b>Low Cost Deposits</b>	<b>6,404.0</b>	6,382.4	6,030.0	5,945.3	5,935.4	5,951.0	0.3	6.2
Demand	<b>1,448.4</b>	1,473.8	1,354.7	1,342.0	1,322.7	1,350.9	-1.7	6.9
Savings	<b>2,983.6</b>	3,003.8	3,093.6	3,124.4	3,167.2	3,203.0	-0.7	-3.6
Installments	<b>1,972.0</b>	1,904.8	1,581.7	1,478.9	1,445.5	1,397.1	3.5	24.7
Won Deposits	<b>13,407.0</b>	13,109.1	12,410.6	12,342.3	12,328.0	12,464.9	2.3	8.0
<b>Total Deposits(Bank Account) (a)</b>	<b>19,224.1</b>	18,848.4	17,568.5	17,169.2	16,884.8	16,651.2	2.0	9.4
Total Deposits(Bank + Trust Account) (b)	<b>20,492.5</b>	20,101.0	18,784.9	18,360.7	17,958.7	17,628.8	1.9	9.1
Low Cost Deposits / Won Deposits	<b>47.77</b>	48.69	48.59	48.17	48.15	47.74	-0.92	-0.82
<b>Low Cost Deposits / Total Deposits(a)</b>	<b>33.31</b>	33.86	34.32	34.63	35.15	35.74	-0.55	-1.01
Low Cost Deposits / Total Deposits(b)	<b>31.25</b>	31.75	32.10	32.38	33.05	33.76	-0.50	-0.85

## 4. Income Statement

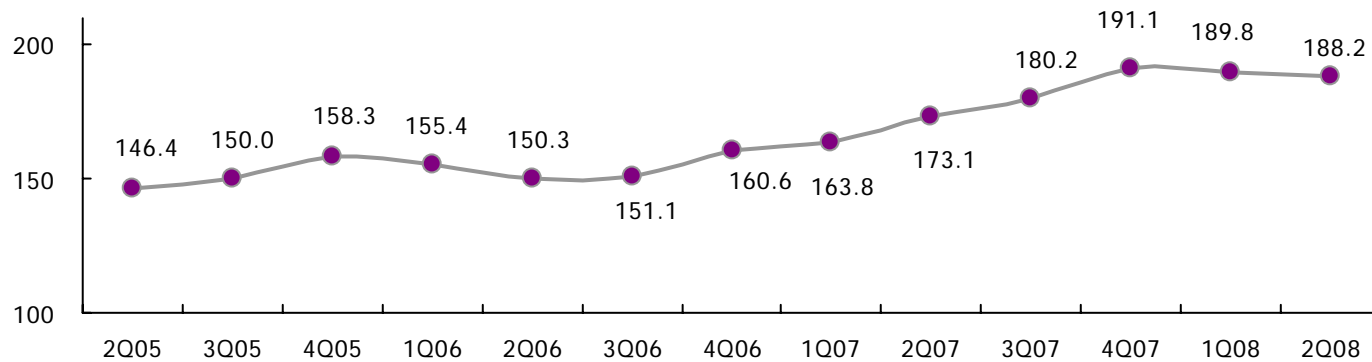


(Unit: Billion Won, %, %p)

	2008		Full Year	2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
<b>Net Interest Income</b>	<b>188.2</b>	189.8	708.2	191.1	180.2	173.1	163.8	-0.8	8.7
<b>Net Fee Income</b>	<b>27.1</b>	24.3	94.5	26.9	22.7	25.6	19.3	11.5	5.9
<b>Fees from Trust Account</b>	<b>2.8</b>	3.8	11.4	3.0	2.5	2.3	3.6	-26.3	21.7
<b>Others</b>	<b>3.1</b>	1.5	-7.4	-7.8	0.7	-3.1	2.8	106.7	200.0
<b>Provision Expense</b>	<b>14.9</b>	18.9	53.2	35.9	6.7	5.8	4.8	-21.2	156.9
<b>SG&amp;A</b>	<b>91.0</b>	83.4	359.3	114.1	87.0	79.7	78.5	9.1	14.2
<b>Net Operating Income</b>	<b>115.3</b>	117.1	394.2	63.2	112.4	112.4	106.2	-1.5	2.6
<b>Non-Operating Income</b>	<b>2.0</b>	-0.6	-19.7	-10.5	-5.4	-3.2	-0.6	Net Gains	Net Gains
Income before Income Taxes	<b>117.3</b>	116.5	374.5	52.7	107.0	109.2	105.6	0.7	7.4
Income Taxes	<b>32.6</b>	32.2	103.8	14.1	30.0	30.3	29.4	1.2	7.6
<b>Net Income</b>	<b>84.7</b>	84.3	270.7	38.6	77.0	78.9	76.2	0.5	7.4
<b>ROA</b>	<b>1.30</b>	1.35	1.17	1.17	1.37	1.41	1.41	-0.05	-0.11
<b>ROE</b>	<b>22.49</b>	22.98	19.42	19.42	22.69	23.48	23.89	-0.49	-0.99



Interest Income



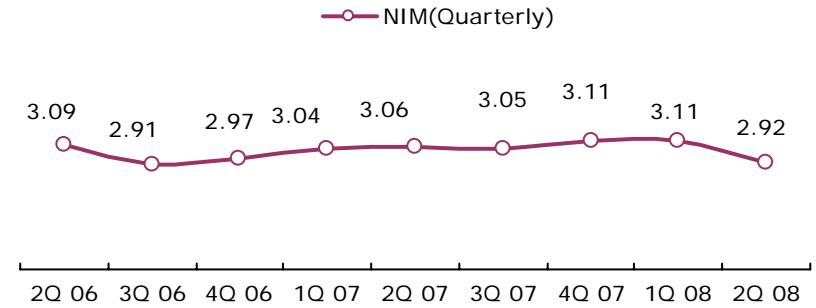
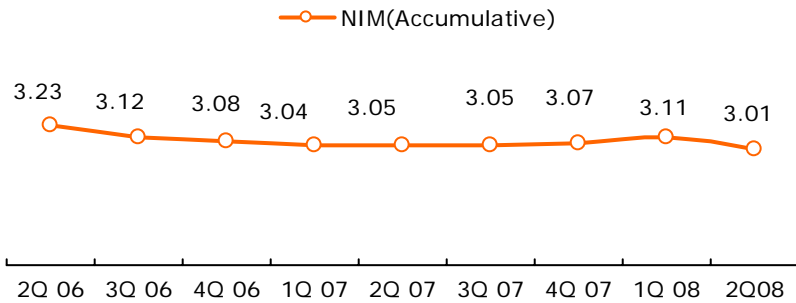
(Unit: Billion won, %)

	2008		Full Year	2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
<b>Net Interest Income</b>	<b>188.2</b>	189.8	708.2	191.1	180.2	173.1	163.8	-0.8	8.7
<b>Interest Revenues</b>	<b>418.0</b>	410.2	1,437.7	399.2	367.3	345.3	325.9	1.9	21.1
Interest on Loans	<b>349.0</b>	339.5	1186.7	331.2	305.7	284.7	265.1	2.8	22.6
Interest on Securities	<b>59.8</b>	59.9	227.6	60.0	55.9	55.8	55.9	-0.2	7.2
Others	<b>9.2</b>	10.8	23.4	8.0	5.7	4.8	4.9	-14.8	93.0
<b>Interest Expenses</b>	<b>229.8</b>	220.4	729.5	208.1	187.1	172.2	162.1	4.3	33.5
Interest on Deposits	<b>152.1</b>	143.2	448.0	127.0	114.0	104.6	102.4	6.2	45.4
Interest on Debentures	<b>40.3</b>	37.6	93.3	34.3	22.7	21.3	15.0	7.2	89.2
Others	<b>37.4</b>	39.6	188.2	46.8	50.4	46.3	44.7	-5.6	-19.2





### NIM Trend



(Unit : Billion KRW, %, %p, Accumulated)

	2008		2007				QoQ	YTD
	2Q	1Q	4Q	3Q	2Q	1Q		
<b>NIM</b>	<b>3.01</b>	3.11	3.07	3.05	3.05	3.04	-0.10	-0.06
<b>NIS</b>	<b>3.84</b>	3.94	3.94	3.92	3.93	3.91	-0.10	-0.10
<b>Average Lending Rates</b>	<b>7.73</b>	7.80	7.24	7.15	7.12	7.09	-0.07	0.49
Household	<b>7.60</b>	7.64	7.18	7.09	7.03	6.97	-0.04	0.42
Corporates	<b>7.19</b>	7.20	6.65	6.53	6.47	6.43	-0.01	0.54
<b>Average Deposit Rates</b>	<b>3.89</b>	3.86	3.30	3.23	3.19	3.18	0.03	0.59
<b>Avg. Interest Earning Assets</b>	<b>23,461.5</b>	22,908.2	21,347.2	20,869.2	20,443.1	20,042.7	2.4	9.9



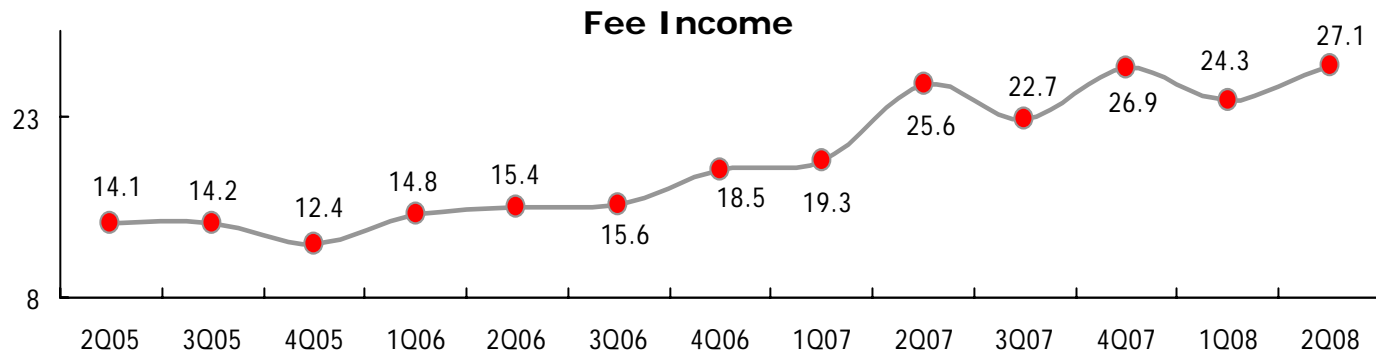
(Unit: Billion won, %)

	2008		Full Year	2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
<b>Non-Interest Income</b>	<b>33.0</b>	29.6	98.5	22.1	25.9	24.8	25.7	11.5	33.1
<b>Non-Interest Revenues</b>	<b>257.8</b>	287.0	409.4	143.9	110.8	74.6	80.1	-10.2	245.6
Fee Income	<b>37.5</b>	33.9	126.7	36.6	31.4	32.5	26.2	10.6	15.4
Fees from Trust Acct.	<b>2.8</b>	3.8	11.4	3.0	2.5	2.3	3.6	-26.3	21.7
Others*	<b>217.5</b>	249.3	271.3	104.3	76.9	39.8	50.3	-12.8	446.5
<b>Non Interest Expenses</b>	<b>224.8</b>	257.4	310.9	121.8	84.9	49.8	54.4	-12.7	351.4
Commissions Paid	<b>10.4</b>	9.6	32.2	9.7	8.7	6.9	6.9	8.3	50.4
Others*	<b>214.4</b>	247.8	278.7	112.1	76.2	42.9	47.5	-13.5	399.8

Note)

1. Non interest other revenues : Security investment related gains(3.9),FX related gains(15.6), Gains from NPL Sales(0.3), Derivative Related(197.0)

2. Non interest other expenses : Security investment related losses(0.9), FX related losses(60.2), Fund contribution(8.3), Losses from NPL sales(0.6), Derivative related losses(158.1), Deposit guarantee insurance(5.3)



(Unit: Billion won, %)

	2008		Full Year	2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
<b>Fee &amp; Commission Income</b>	<b>27.1</b>	24.3	94.5	26.9	22.7	25.6	19.3	11.5	5.9
<b>Fee &amp; Commission Revenues</b>	<b>37.5</b>	33.9	126.7	36.6	31.4	32.5	26.2	10.6	15.4
Commissions in Won	<b>28.3</b>	26.5	101.9	30.0	25.1	26.3	20.5	6.8	7.6
Bancassurance	<b>6.2</b>	5.3	15.0	4.6	3.7	3.5	3.2	17.0	77.1
Mutual Fund Sales	<b>6.6</b>	6.1	22.8	8.5	6.2	4.4	3.7	8.2	50.0
Commissions in FC	<b>6.7</b>	5.2	16.6	4.4	4.2	4.2	3.8	28.8	59.5
Commissions on Credit Card	<b>0.9</b>	0.9	3.3	0.8	0.8	0.9	0.8	12.5	0.0
Guarantee Fees	<b>1.6</b>	1.3	4.9	1.4	1.3	1.1	1.1	23.1	45.5
<b>Fee &amp; Commission Paid</b>	<b>10.4</b>	9.6	32.2	9.7	8.7	6.9	6.9	8.3	50.7
Commission Paid in Won	<b>3.1</b>	2.6	11.0	3.7	3.3	2.0	2.0	19.2	55.0
Commission Paid in FC	<b>1.3</b>	1.1	2.7	0.7	0.7	0.7	0.6	18.2	85.7
Commission Paid on Credit Card	<b>6.0</b>	5.9	18.5	5.3	4.7	4.2	4.3	1.7	42.9



## Provision Expenses

(Unit: Billion won)

	2008		Full Year	2007				Full Year	2006			
	2Q	1Q		4Q	3Q	2Q	1Q		4Q	3Q	2Q	1Q
<b>Corporates</b>	<b>15.9</b>	10.9	41.1	31.5	4.4	6.9	-1.7	31.4	-4.6	11.6	8.0	16.4
<b>Household</b>	<b>-2.0</b>	5.0	3.6	-0.5	1.6	0.1	2.6	16.4	10.5	2.9	0.6	2.4
<b>Credit Card</b>	<b>0.6</b>	1.3	1.7	1.1	-0.2	0.5	0.3	4.2	1.0	1.2	1.2	0.8
<b>Others</b>	<b>0.4</b>	1.7	6.8	3.8	0.9	-1.5	3.6	8.2	6.2	0.5	0.5	1.0
<b>Trust Account</b>	<b>0.0</b>	0.0	0.0	0.0	0.0	0.0	0.0	-7.1	-1.3	-0.4	-5.0	-0.4
<b>Total</b>	<b>14.9</b>	18.9	53.2	35.9	6.7	5.8	4.8	53.1	11.8	15.8	5.3	20.2

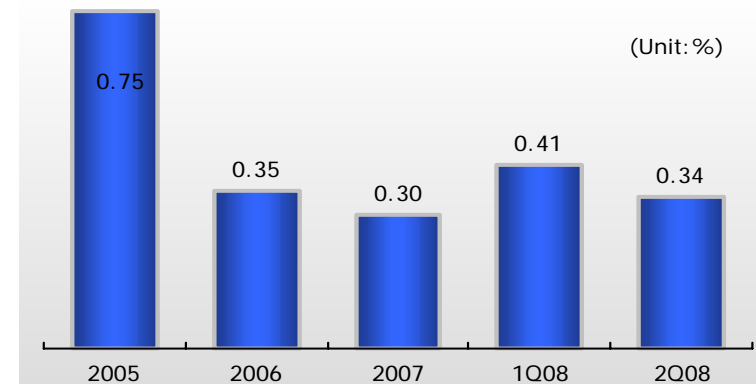
## Provision Balances

(Unit: Billion won)

	2008		2007			
	2Q	1Q	4Q	3Q	2Q	1Q
<b>Corporate</b>	<b>172.2</b>	163.7	163.1	145.6	144.5	148.1
<b>Households</b>	<b>50.3</b>	52.8	49.4	50.8	51.1	53.5
<b>Credit Card</b>	<b>11.4</b>	11.4	11.7	11.3	12.3	12.9
<b>Trust</b>	<b>0.5</b>	0.5	0.5	0.4	0.4	0.4
<b>Total</b>	<b>234.4</b>	228.4	224.7	208.1	208.3	215.2

## Credit Costs

(Unit: %)





## Summary of SG&A

### ❖ Changes in SG&A

- SG&A increased by 10.2% YoY
  - Wage inflation and other expenses increased by 13.0 billion won YoY
  - Amortization and taxes increased by 5.4 billion won YoY
- Cost Income Ratio decreased by 1.26%p YoY

(Unit: Billion won, %, %p)

	2008			2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
<b>Total SG&amp;A</b>	<b>91.0</b>	83.4	359.3	114.1	87.0	79.7	78.5	9.1	14.2
Wages	<b>75.8</b>	68.2	289.5	90.3	68.2	68.4	62.6	11.1	10.8
Amortization	<b>8.9</b>	9.8	33.9	10.0	9.5	7.5	6.9	-9.2	18.7
Taxes and bills	<b>2.8</b>	2.7	10.5	3.7	2.5	2.2	2.1	3.7	27.3
Retirement Allowance	<b>3.2</b>	2.7	19.9	5.7	5.7	1.6	6.9	18.5	100.0
ERP related Expenses	<b>0.3</b>	0.0	5.5	4.4	1.1	0.0	0.0	-	-
<b>Cost Income Ratio</b>	<b>41.18</b>	38.01	44.54	53.32	42.21	40.27	41.42	3.17	0.91

# 11. Non-Operating Income



(Unit: Billion won, %)

	2008		Full Year	2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
Non-Operating Income	2.0	-0.6	-19.7	-10.5	-5.4	-3.2	-0.6	-	-
Non-Operating Revenues	4.7	3.8	11.8	5.0	1.2	4.2	1.4	23.7	11.90
Gains from Sales of Tangible Assets	0.1	0.0	0.1	0.0	0.0	0.0	0.1	-	-
Gains from Equity Investment	0.5	1.7	1.0	0.8	0.0	0.2	0.0	-	-
Others	4.1	2.1	10.7	4.2	1.2	4.0	1.3	-	-
Non Operating Expenses	2.7	4.4	31.5	15.5	6.6	7.4	2.0	-38.6	-63.5
Losses from Sales of Tangible Assets	0.0	0.0	0.5	0.5	0.0	0.0	0.0	-	-
Losses from Equity Investment	0.0	0.8	0.0	0.0	0.0	0.0	0.0	-	-
Others	<sup>2)</sup> 2.7	3.6	31.0	15.0	6.6	7.4	2.0	-	-

Note)

1. Other non operating revenues : Gains on Bad Debt Collections (0.1), Rent(0.1), Others(3.9)
2. Other non operating expenses : Losses on Bad Debt Collections (0.5), Contributions(0.9), Other(1.2)



**Asset Quality Trend**

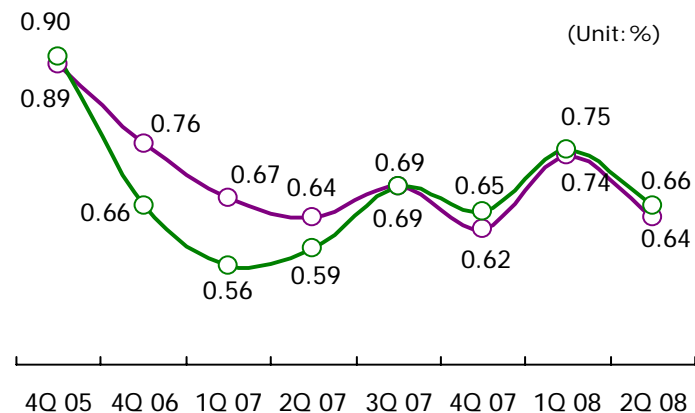
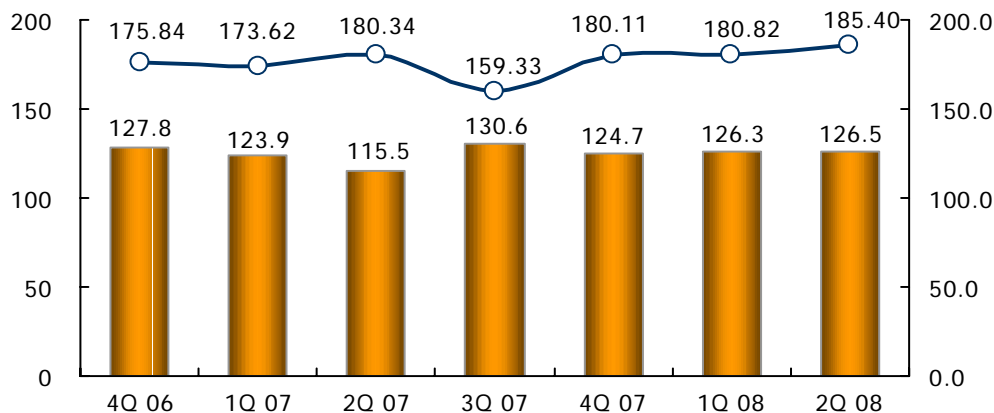
**Delinquency Ratio Trend**

SBL SBL coverage(%)

Total Delinquency Ratio SMEs

(Unit; Billion won, %)

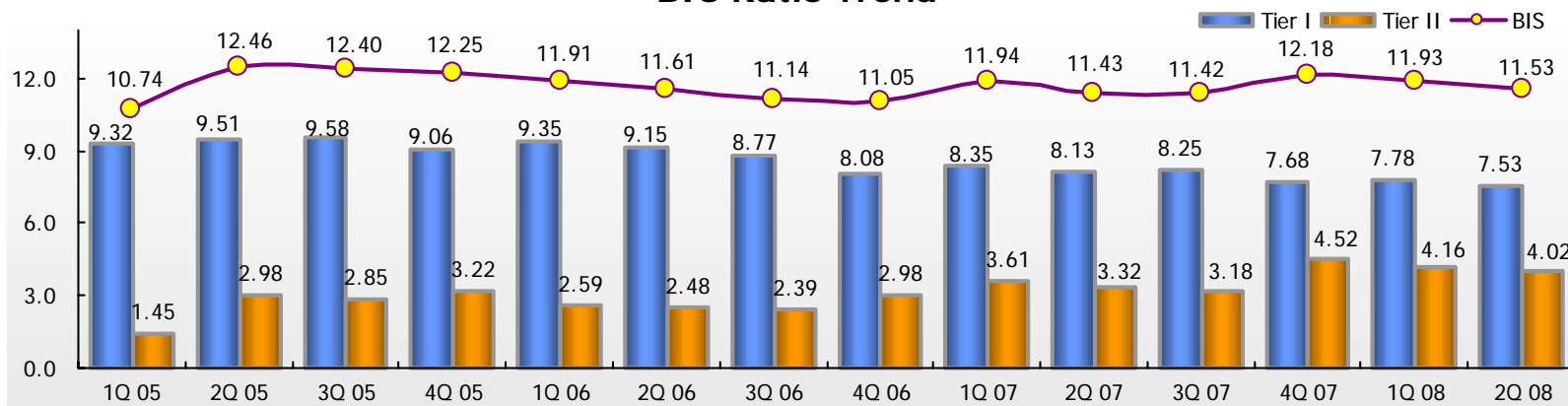
(Unit: %)



	2008		2007				QoQ	YTD
	2Q	1Q	4Q	3Q	2Q	1Q		
<b>Total Loans</b>	<b>19,739.7</b>	18,571.3	17,848.5	17,537.6	17,062.3	15,745.9	6.3	10.6
Normal	<b>19,417.7</b>	18,243.5	17,454.9	17,228.3	16,750.1	15,345.7	6.3	11.2
Precautionary	<b>195.5</b>	201.5	268.9	178.7	196.7	276.3	-3.0	-27.3
Substandard	<b>96.2</b>	84.4	85.5	90.2	76.5	72.2	14.0	12.5
Doubtful	<b>18.5</b>	28.6	25.4	22.7	24.0	25.4	-35.3	-27.2
Expected Loss	<b>11.8</b>	13.3	13.8	17.7	15.0	26.3	-11.3	-14.5
<b>Substandard &amp; Below Loans</b>	<b>126.5</b>	126.3	124.7	130.6	115.5	123.9	0.2	1.4
<b>S &amp; B Loan Ratio(%)</b>	<b>0.64</b>	0.68	0.70	0.74	0.68	0.79	-0.04	-0.06
<b>S &amp; B Coverage Ratio(%)</b>	<b>185.40</b>	180.84	180.11	159.34	180.34	173.62	4.58	5.29



**BIS Ratio Trend**



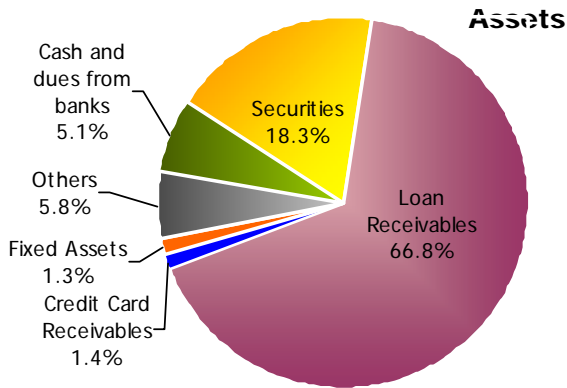
(Unit: Billion won, %)

	2008				2007		2006
	2Q		1Q		4Q	2Q	4Q
	Basle II	Basle I	Basle II	Basle I	Basle I	Basle I	Basle I
<b>Total Risk Adjusted Capital</b>	<b>2,347.9</b>	<b>2,347.9</b>	2,247.3	2,247.3	2,186.7	1,915.4	1,650.9
Tier I Capital	<b>1,532.7</b>	<b>1,532.7</b>	1,465.9	1,465.9	1,378.5	1,361.9	1,208.0
Tier II Capital	<b>818.2</b>	<b>818.2</b>	784.4	784.4	811.2	556.5	445.9
Contribution to Unconsolidated Subsidiaries(-)	<b>3.0</b>	<b>3.0</b>	3.0	3.0	3.0	3.0	3.0
<b>Total Risk Weighted Assets</b>	<b>21,849.1</b>	<b>20,358.2</b>	20,378.4	18,833.8	17,953.5	16,751.7	14,946.9
Credit Risk	<b>20,096.3</b>	<b>19,991.9</b>	19,032.7	18,833.8	17,953.5	16,751.7	14,946.9
Market Risk	<b>366.3</b>	<b>366.3</b>	-	-	-	-	-
Operational Risk	<b>1,386.5</b>	-	1,345.7	-	-	-	-
<b>BIS Capital Ratio</b>	<b>10.75</b>	<b>11.53</b>	11.03	11.93	12.18	11.43	11.05
Tier I	<b>7.01</b>	<b>7.53</b>	7.19	7.78	7.68	8.13	8.08
Tier II	<b>3.74</b>	<b>4.02</b>	3.85	4.16	4.52	3.32	2.98

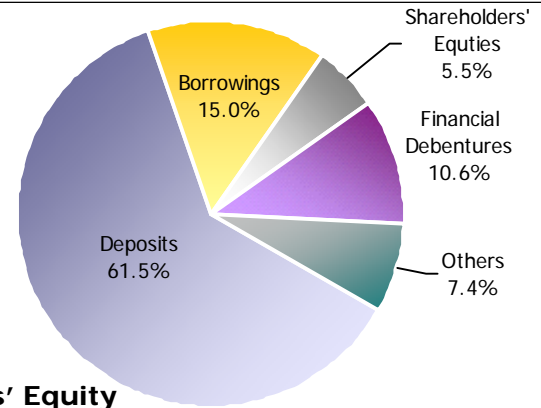


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Liabilities & Shareholders' Equity



(Unit: Billion won, %, Balance)

	2008		2007				QoQ	YTD
	2Q	1Q	4Q	3Q	2Q	1Q		
<b>Assets</b>	<b>28,173.0</b>	26,795.9	25,990.6	24,500.5	24,434.2	22,149.9	5.1	8.4
Cash and Dues	1,812.1	1,506.4	1,327.0	1,647.8	1,593.0	1,089.4	20.3	36.6
Securities	5,160.3	4,903.5	5,027.9	4,574.3	4,789.0	4,857.2	5.2	2.6
Loans	18,813.5	17,937.5	17,573.8	16,834.5	16,425.1	15,016.3	4.9	7.1
Credit Card	387.9	386.8	331.8	318.8	333.0	301.6	0.3	16.9
Fixed Assets	358.7	359.4	362.7	359.0	352.1	352.4	-0.2	-1.1
Other Assets	1,640.5	1,702.4	1,367.4	766.1	942.0	533.0	-3.6	20.0
<b>Liabilities &amp; Shareholders' Equity</b>	<b>28,173.0</b>	26,795.9	25,990.6	24,500.5	24,434.2	22,149.9	5.1	8.4
Deposits	17,301.5	16,171.4	16,212.9	15,106.6	14,988.5	14,116.4	7.0	6.7
Borrowings	4,230.7	4,077.2	3,833.4	4,765.5	5,071.3	4,187.3	3.8	10.4
Financial Debentures	3,000.0	2,802.8	2,597.0	1,846.2	1,549.8	1,556.0	7.0	15.5
Other Liabilities	2,093.8	2,268.6	1,874.6	1,343.7	1,454.9	996.1	-7.7	11.7
Shareholders' Equity	1,547.0	1,475.9	1,472.7	1,438.5	1,369.7	1,294.1	4.8	5.0



(Unit: Billion won, %)

	2008		Full Year	2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
<b>Operating Revenues</b>	<b>675.8</b>	697.2	1,847.1	543.1	478.1	419.9	406.0	-3.1	60.9
Interest Revenue	<b>418.0</b>	410.2	1,437.7	399.2	367.3	345.3	325.9	1.9	21.1
Fee & Commission Revenue	<b>37.5</b>	33.9	126.7	36.6	31.4	32.5	26.2	10.6	15.4
Trust Account	<b>2.8</b>	3.8	11.4	3.0	2.5	2.3	3.6	-26.3	21.7
Others	<b>217.5</b>	249.3	271.3	104.3	76.9	39.8	50.3	-12.8	446.5
<b>Operating Expenses</b>	<b>560.5</b>	580.1	1,452.9	479.9	365.7	307.5	299.8	-3.4	82.3
Interest Expense	<b>229.8</b>	220.4	729.5	208.1	187.1	172.2	162.1	4.3	33.4
Fee & Commission Expense	<b>10.4</b>	9.6	32.2	9.7	8.7	6.9	6.9	8.3	50.7
Trust Account	<b>0</b>	0	0	0	0	0	0	0.0	0.0
Others	<b>214.4</b>	247.8	278.7	112.1	76.2	42.9	47.5	-13.5	399.8
SG&A	<b>91.0</b>	83.4	359.3	114.1	87.0	79.7	78.5	9.1	14.2
Provision Expense	<b>14.9</b>	18.9	53.2	35.9	6.7	5.8	4.8	-21.2	156.9
<b>Operating Income</b>	<b>115.3</b>	117.1	394.2	63.2	112.4	112.4	106.2	-1.5	2.6
<b>Non Operating Income</b>	<b>2.0</b>	-0.6	-19.7	-10.5	-5.4	-3.2	-0.6	Net Gain	Net Gain
<b>Income Before Income Taxes</b>	<b>117.3</b>	116.5	374.5	52.7	107.0	109.2	105.6	0.7	7.4
<b>Income Taxes</b>	<b>32.6</b>	32.2	103.8	14.1	30.0	30.3	29.4	1.2	7.6
<b>Net Income</b>	<b>84.7</b>	84.3	270.7	38.6	77.0	78.9	76.2	0.5	7.4

(Unit: Billion won, %)

	2008			2007				QoQ	YoY
	2Q	1Q		4Q	3Q	2Q	1Q		
<b>PPOP</b>	<b>135.4</b>	138.1	447.6	94.3	119.4	116.6	117.3	-1.9	16.1
<b>Provision Expenses</b>	<b>18.2</b>	21.6	73.1	41.6	12.4	7.4	11.7	-15.7	145.9
Loans	<b>13.6</b>	16.9	44.5	30.7	5.9	7.0	0.9	-19.5	94.3
Payment Guarantees	<b>0.9</b>	0.3	1.9	1.4	-0.1	0.3	0.3	200.0	200.0
Retirement Allowance	<b>3.3</b>	2.7	19.9	5.7	5.7	1.6	6.9	22.2	106.3
Others	<b>0.4</b>	1.7	6.8	3.8	0.9	-1.5	3.6	-76.5	-126.7
<b>Income Taxes</b>	<b>32.6</b>	32.2	103.8	14.1	30.0	30.3	29.4	1.2	7.6
<b>Net Income</b>	<b>84.7</b>	84.3	270.7	38.6	77.0	78.9	76.2	0.5	7.4

## 4. Security Investment



(Unit: Billion won, %, Balance)

	2Q 2008					1Q 2008		2Q 2007	
	Total	Trading Securities	Investment Securities			QoQ	YoY		
			Total	A.F.S*	H.T.M.*				
Bonds (Won)	<b>4,498.2</b>	0.0	4,498.2	1,579.4	2,918.8	4,290.5	4.8	4,432.9	1.5
Government Bonds	<b>529.9</b>	0.0	529.9	234.1	295.8	510.3	3.8	908.2	-41.7
Financial Debentures	<b>2,568.9</b>	0.0	2,568.9	685.6	1,883.3	2,470.1	4.0	2,187.3	17.4
Municipal Bonds	<b>162.6</b>	0.0	162.6	0.0	162.6	126.1	28.9	146.7	10.8
Govn't Corporate Bonds	<b>664.6</b>	0.0	664.6	87.5	577.1	637.9	4.2	687.9	-3.4
Corporate Bonds	<b>572.2</b>	0.0	572.2	572.2	0.0	546.1	4.8	502.8	13.8
Bonds (Foreign Currency)	<b>107.2</b>	0.0	107.2	72.8	34.4	112.0	-4.3	128.5	-16.6
Stocks	<b>238.1</b>	8.9	229.2	229.2	0.0	213.4	11.6	141.2	68.6
Mutual Funds	<b>303.4</b>	17.8	285.6	285.6	0.0	275.6	10.1	64.3	371.9
Bonds	<b>0</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stocks	<b>244.0</b>	0.0	244.0	244.0	0.0	228.3	6.9	57.6	323.6
MMF	<b>17.8</b>	17.8	0.0	0.0	0.0	11.4	56.1	6.7	165.7
Others	<b>41.6</b>	0.0	41.6	41.6	0.0	35.9	15.9	0.0	0.0
Others	<b>13.4</b>	0.0	13.4	13.4	0.0	11.9	12.6	22.1	-39.4
<b>Total</b>	<b>5,160.3</b>	26.7	5,133.6	2,180.4	0.0	4,903.4	5.2	4,789.0	7.8

Note) A.F.S. : Available for Sales, H.T.M. : Held to Maturity

## 5. Total Deposits / Loans



(Unit: Billion won, %, balance)

Total Deposits	2008		2007				QoQ	YTD
	2Q	1Q	4Q	3Q	2Q	1Q		
Due from banks	<b>14,192.7</b>	13,228.8	13,219.8	12,592.4	12,679.0	12,285.6	7.3	7.4
Demand	<b>1,527.4</b>	1,572.8	1,561.9	1,540.6	1,546.2	1,370.5	-2.9	-2.2
Saving	<b>12,553.5</b>	11,547.4	11,548.6	10,931.5	11,006.1	10,782.0	8.7	8.7
Installment	<b>111.8</b>	108.6	109.3	120.3	126.7	133.1	2.9	2.3
C D	<b>2,932.1</b>	2,774.4	2,839.5	2,315.5	2,117.4	1,669.8	5.7	3.3
Bills sold	<b>19.4</b>	17.1	170.3	271.3	271.0	246.0	13.5	-88.6
R P	<b>650.0</b>	650.0	832.5	1,357.4	1,359.9	1,352.9	0.0	-21.9
Financial Debentures	<b>2,525.2</b>	2,334.6	2,170.0	1,664.6	1,368.9	1,369.6	8.2	16.4
Trust account	<b>1,398.7</b>	1,216.0	1,242.3	1,385.6	1,374.0	1,034.7	15.0	12.6
<b>Total Deposits</b>	<b>21,718.0</b>	20,220.9	20,474.4	19,586.8	19,170.2	17,958.6	7.4	6.1

Total Loans	2008		2007				QoQ	YTD
	2Q	1Q	4Q	3Q	2Q	1Q		
Won Loans	<b>16,979.6</b>	16,284.7	15,932.1	15,614.9	15,073.6	13,907.6	4.3	6.6
Corporate	<b>12,463.7</b>	11,807.6	11,481.2	11,200.0	10,688.7	9,538.5	5.6	8.6
(SMEs)	<b>(11,892.7)</b>	(11,807.6)	(11,045.3)	(10,814.3)	(10,287.6)	(9,109.0)	(5.6)	(7.7)
(Large Corps)	<b>(571.0)</b>	(11,266.9)	(435.9)	(385.7)	(401.1)	(429.5)	(5.6)	(31.0)
Household	<b>3,886.9</b>	3,830.4	3,801.2	3,764.6	3,709.6	3,687.8	1.5	2.3
Public	<b>629.0</b>	646.7	649.7	650.3	675.3	681.3	-2.7	-3.2
Foreign Currency Loans	<b>962.7</b>	750.6	531.0	534.9	541.2	557.0	28.3	81.3
Trust Account	<b>36.0</b>	33.5	41.5	38.4	39.3	34.8	7.5	-13.3
Others	<b>1,173.9</b>	955.3	862.2	895.2	900.3	798.0	22.9	36.2
<b>Total Loans</b>	<b>19,152.1</b>	18,024.1	17,366.8	17,083.4	16,554.4	15,297.4	6.3	10.3

## 6. Corporate Loan Portfolio



(Unit: Billion won, %, balance)

	2Q 2008		1Q 2008		2Q 2007	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Manufacturing Sectors</b>	<b>6,314.6</b>	<b>48.2</b>	5,945.4	47.7	5,388.8	47.4
Steel Metal Products	1,801.8	13.8	1,706.7	13.7	1,548.5	13.6
Automobile Parts	1,304.4	10.0	1,193.0	9.6	955.9	8.4
Machinery	1,024.1	7.8	964.5	7.7	838.1	7.4
Petroleum, Rubber, etc	589.3	5.3	653.3	5.2	633.6	5.6
Fabric	220.6	1.7	216.7	1.7	214.3	1.9
Garment & Shoes	163.4	1.2	149.6	1.2	160.2	1.4
Kitchen Units	262.1	2.0	257.3	2.1	238.0	2.1
Electronics	339.4	2.6	317.0	2.5	253.1	2.2
Paper, Paper Mills	116.6	0.9	110.8	0.9	96.9	0.9
Others	392.9	3.0	376.5	3.0	450.2	4.0
<b>Non-Manufacturing</b>	<b>6,778.1</b>	<b>51.8</b>	6,508.9	52.3	5,975.2	52.6
Wholesale & Retail	1,704.8	13.0	1,591.4	12.8	1,474.5	13.0
Public	101.2	0.8	126.7	1.0	181.0	1.6
Construction & Eng.	649.8	5.0	627.4	5.0	891.9	7.8
Real Estate & Lease	1,451.1	11.1	1,428.3	11.5	1,143.4	10.1
Insurance & Financing	444.1	3.4	407.2	3.3	317.6	2.8
Transportation	770.7	5.9	732.5	5.9	613.5	5.4
Hotel & Food	328.1	2.5	331.3	2.7	294.9	2.6
Others	1,328.3	10.1	1,264.1	10.1	1,058.4	9.3
<b>Total</b>	<b>13,092.7</b>	<b>100.0</b>	12,454.3	100.0	11,364.0	100.0

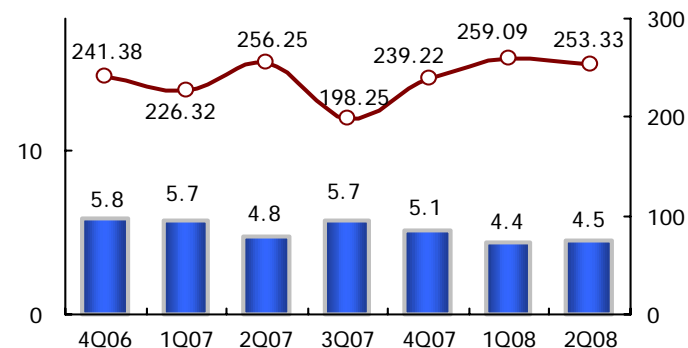
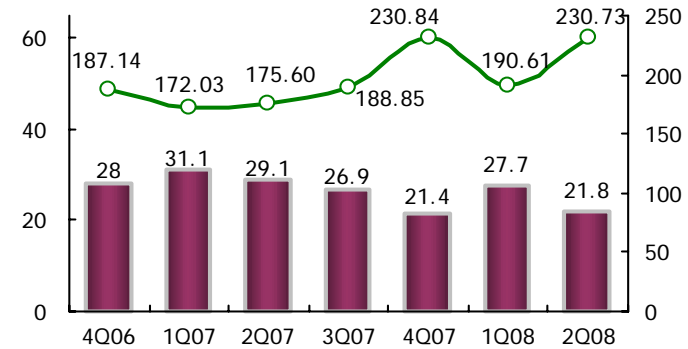
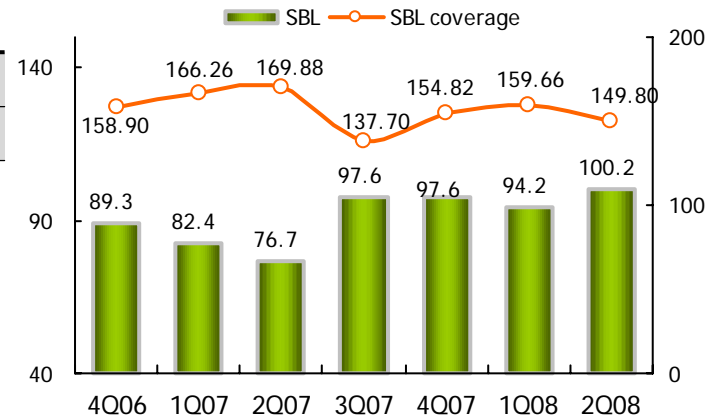
# 7. Asset Quality



(Unit: Billion won, %)

	2008		2007			
	2Q	1Q	4Q	3Q	2Q	1Q
<b>SME</b>						
Normal	13,680.4	12,617.8	11,994.9	11,898.0	11,389.2	10,392.1
Precautionary	136.7	140.7	206.1	113.4	1,357	212.1
Substandard	80.6	67.6	69.7	68.8	52.9	49.6
Doubtful	10.9	17.0	18.1	15.3	13.5	13.9
Expected loss	8.7	9.6	9.8	13.5	10.3	18.9
<b>Total</b>	<b>13,917.3</b>	<b>12,852.7</b>	<b>12,298.6</b>	<b>12,109.0</b>	<b>11,601.6</b>	<b>10,686.6</b>
<b>House hold</b>						
Normal	3,844.2	3,779.4	3764.5	3,716.3	3,663.8	3,631.3
Precautionary	48.8	50.2	50.1	52.9	49.2	53.2
Substandard	15.5	16.7	15.7	20.4	21.4	20.5
Doubtful	4.8	9.0	3.8	4.2	4.8	5.7
Expected Loss	1.5	2.0	1.9	2.3	2.9	4.9
<b>Total</b>	<b>3,914.8</b>	<b>3,857.3</b>	<b>3,836.0</b>	<b>3,796.1</b>	<b>3,742.1</b>	<b>3,715.6</b>
<b>Credit Card</b>						
Normal	377.3	375.4	320.1	305.6	319.6	286.7
Precautionary	6.1	7.0	6.6	7.5	8.6	9.2
Substandard	0.0	0.0	0.0	0.0	0.0	0.0
Doubtful	2.8	2.6	3.0	3.2	3.0	3.1
Expected Loss	1.6	1.7	2.0	2.0	1.8	2.5
<b>Total</b>	<b>387.9</b>	<b>1)386.8</b>	<b>331.8</b>	<b>318.8</b>	<b>333.0</b>	<b>301.6</b>

Note) Credit card includes Re-aged loans 3.6 billion won (Precautionary 3.0, Doubtful 0.4, Loss 0.2)





## 8. Delinquency ratio / write-offs and NPL sales



(Unit: Billion won, %, %p)

	2008		2007				2006			
	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
<b>Total Delinquency Ratio</b>	<b>0.64</b>	<b>0.74</b>	<b>0.62</b>	<b>0.69</b>	<b>0.64</b>	<b>0.67</b>	<b>0.75</b>	<b>0.79</b>	<b>0.88</b>	<b>1.11</b>
Overdue Amount	122.2	134.3	108.0	117.7	106.2	102.0	112.2	111.2	116.0	136.5
Loan Amount	19,202.6	18,103.0	17,360.8	17,005.4	16,527.0	15,260.8	14,897.8	14,089.8	13,131.5	12,276.2
<b>SMEs</b>	<b>0.66</b>	0.75	0.65	0.69	0.59	0.56	0.66	0.73	0.89	1.11
Overdue Amount	88.9	93.2	77.2	81.0	65.8	55.7	63.1	65.0	72.9	82.6
Loan Amount	13,420.2	12,429.8	11,913.2	11,680.5	11,184.2	9,938.2	9,493.5	8,964.2	8,167.2	7,425.2
<b>Households</b>	<b>0.69</b>	0.89	0.61	0.77	0.78	0.91	0.88	0.95	0.91	1.22
Overdue Amount	26.9	34.4	23.4	29.2	29.1	33.9	32.5	34.4	31.9	42.6
Loan Amount	3,914.8	3,857.3	3,836.0	3,796.1	3,742.1	3,715.6	3,705.7	3,626.6	3,495.2	3,492.3
<b>Credit Card</b>	<b>1.63</b>	1.71	2.04	2.16	1.95	2.55	2.43	2.76	2.57	2.86
Overdue Amount	6.3	6.6	6.8	6.9	6.5	7.7	7.7	8.4	8.0	8.7
Loan Amount	387.9	386.8	331.8	318.8	333.0	301.6	317.2	302.6	313.7	303.2
<b>Total Write-offs</b>	<b>15.5</b>	<b>16.8</b>	<b>26.5</b>	<b>13.8</b>	<b>22.7</b>	<b>14.9</b>	<b>8.1</b>	<b>9.2</b>	<b>11.7</b>	<b>10.1</b>
Corporate	11.3	11.8	21.4	8.6	16.1	9.3	2.5	3.3	4.9	4.2
Household	1.9	1.9	2.7	2.8	3.4	2.6	2.2	2.2	2.2	2.7
Credit Card	2.3	3.1	2.4	2.4	3.2	3.0	3.4	3.7	3.7	3.2
<b>Total NPL sales</b>	<b>7.7</b>	<b>24.6</b>	<b>11.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.9</b>	<b>0.0</b>
Corporate	4.6	19.5	9.3	0.0	0.0	0.0	0.0	0.0	3.5	0.0
Household	3.1	5.0	2.1	0.0	0.0	0.0	0.0	0.0	3.3	0.0
Credit Card	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0



## Delinquency ratios by Industries

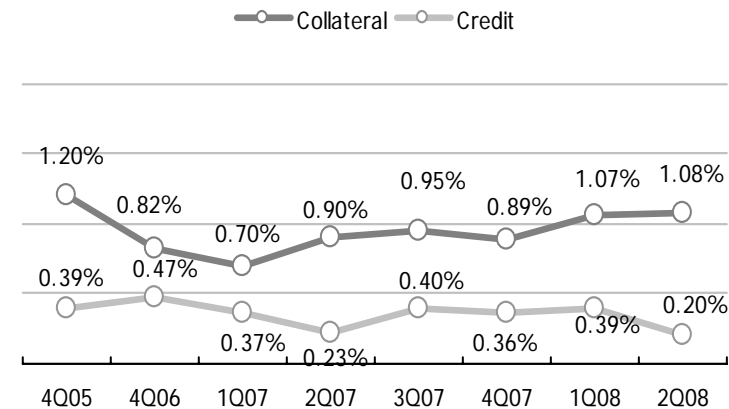
(Unit: Billion won, %)

	2Q 2008		1Q 2008		2Q 2007	
	Loan Amount	Delinquency Ratio	Loan Amount	Delinquency Ratio	Loan Amount	Delinquency Ratio
<b>Manufacturing Sector</b>	<b>7,022.9</b>	<b>0.79</b>	6,440.9	0.95	5,725.1	0.57
<b>Non-manufacturing Sector</b>	<b>6,397.3</b>	<b>0.52</b>	5,988.9	0.54	5,459.1	0.61
Wholesale and Retail	1,957.9	0.49	1,795.9	0.81	1,657.4	0.97
Public & others	0.1	-	0.0	-	0.0	-
Construction	678.7	0.49	634.1	0.62	896.2	0.42
Real estate & Lease	1,378.1	0.31	1,336.6	0.31	1,071.6	0.25
Finance and insurance	136.5	-	96.7	-	52.8	0.01
Transportation & Communications	866.0	0.34	786.4	0.17	638.2	0.14
Hotel & Food	331.9	0.28	335.5	0.62	323.5	1.03
Others	1,048.1	1.19	1,003.7	0.61	819.4	0.80
<b>Total</b>	<b>13,420.2</b>	<b>0.66</b>	12,429.8	0.75	11,184.2	0.59

## Delinquency Ratios by Collaterals

(Unit: Billion won, %)

	Total	Real estate	Movable	Deposit	Guarantee	Credit
<b>2Q 2008</b>	<b>0.66</b>	<b>1.18</b>	<b>4.63</b>	-	<b>0.80</b>	<b>0.20</b>
Amount	(13,242.0)	(5,724.5)	(43.2)	(375.5)	(875.2)	(6,401.8)
<b>1Q 2008</b>	0.75	1.12	6.86	-	0.89	0.39
Amount	(12,429.8)	(5,337.0)	(40.8)	(325.9)	(891.6)	(5,834.5)
<b>4Q 2007</b>	0.65	0.98	7.75	-	0.38	0.36
Amount	(11,913.2)	(5,207.7)	(37.4)	(308.7)	(876.2)	(5,483.2)
<b>2Q 2007</b>	0.65	0.98	7.75	-	0.38	0.36
Amount	(111.842)	(4,792.9)	(28.8)	(338.1)	(833.2)	(5,191.2)



# 10. Household Loans



(Unit: Billion won, %, %p, balance)

	2008		2007				2006 4Q	QoQ	YoY
	2Q	1Q	4Q	3Q	2Q	1Q			
<b>Household Loans – Retail</b>	<b>3,886.9</b>	3,830.4	3,801.2	3,764.6	3,709.6	3,687.8	3,676.0	1.5	2.3
<b>Total Secured Loans</b>	<b>3,065.3</b>	3,039.7	3,070.3	3,037.1	3,042.7	2,994.8	3,040.4	0.8	-0.2
<b>Mortgage / Home Equity</b>	<b>1,697.8</b>	1,512.1	1,551.9	1,448.7	1,402.8	1,312.1	1,293.1	12.3	9.4
<b>(Avg. LTV)</b>	<b>(53.61)</b>	(53.58)	(53.26)	(51.60)	(51.66)	(51.67)	(51.78)	(0.03)	(0.32)
<b>Others</b>	<b>966.9</b>	941.8	958.2	919.2	892.3	862.1	863.0	2.7	0.9
<b>Group loans</b>	<b>303.1</b>	389.4	461.2	576.6	655.6	732.7	800.5	-22.2	-34.3
<b>Gov't Pension Backed</b>	<b>97.5</b>	96.4	99.0	92.6	92.0	87.9	83.8	1.1	-1.5
<b>Non-Collateralized</b>	<b>821.6</b>	790.7	730.9	727.5	666.9	693.0	635.6	3.9	12.4
<b>Government Workers</b>	<b>81.9</b>	79.7	77.6	69.0	64.6	60.6	57.7	2.8	5.5
<b>Large Corp. Employees</b>	<b>41.7</b>	38.4	36.5	29.3	26.2	22.3	20.2	8.6	14.2
<b>Student loans</b>	<b>57.0</b>	58.5	14.5	41.2	18.2	63.6	22.6	-2.6	293.1
<b>Clean Credit</b>	<b>242.5</b>	243.9	246.7	239.8	237.5	237.6	240.1	-0.6	-1.7
<b>Others</b>	<b>398.5</b>	370.2	355.6	348.2	320.4	308.9	295.0	7.6	12.1

## Delinquency Ratio by Collateral (excluding Trust account)

(Unit: Billion won, %)

	Total	Real Estate	Home Equity	Movable	Deposits	Guarantees	Credit
<b>2Q 2008</b>	<b>0.71</b>	<b>0.91</b>	<b>0.76</b>	<b>0.29</b>	<b>0.04</b>	<b>11.35</b>	<b>0.47</b>
(Loan Amount)	<b>(3,886.9)</b>	<b>(2,315.4)</b>	<b>(1,582.6)</b>	<b>(54.0)</b>	<b>(170.5)</b>	<b>(3.5)</b>	<b>(1,372.6)</b>
<b>4Q 2007</b>	0.64	0.88	0.71	0.02	0.07	1.72	0.37
(Loan Amount)	(3,801.2)	(2,169.6)	(1,452.4)	(58.3)	(179.3)	(3.3)	(1,390.7)
<b>4Q 2006</b>	0.88	1.12	0.99	0.21	0.12	63.88	0.60
(Loan Amount)	(3,676.0)	(1,909.7)	(1,280.0)	(44.7)	(185.7)	(2.8)	(1,533.1)



(Unit: Billion won)

Amount	2008		2007				2006			
	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
<b>Credit Purchase</b>	<b>640.9</b>	671.7	604.8	554.0	560.8	506.9	489.4	459.5	442.7	434.2
<b>Lump-sum</b>	<b>496.3</b>	481.8	478.9	446.9	404.1	388.1	363.7	347.7	326.7	321.0
<b>Installment</b>	<b>144.6</b>	189.9	125.9	107.1	156.7	118.8	125.7	111.8	116.0	113.2
<b>Cash advance</b>	<b>156.9</b>	155.1	163.2	157.9	159.5	157.8	165.6	166.2	165.1	161.3
<b>Total</b>	<b>797.8</b>	826.8	768.0	711.9	720.3	664.7	655.0	625.7	607.8	595.5
<b>Balance</b>										
<b>Credit purchase</b>	<b>309.2</b>	307.7	249.7	241.1	252.9	219.1	232.1	214.8	224.0	212.7
<b>Cash advance</b>	<b>76.3</b>	76.2	78.5	73.2	74.9	76.4	77.9	79.3	79.8	78.2
<b>Re-aged loans</b>	<b>2.4</b>	2.9	3.6	4.5	5.2	6.1	7.2	8.5	9.9	12.3
<b>Total</b>	<b>387.9</b>	386.8	331.8	318.8	333.0	301.6	317.2	302.6	313.7	303.2
<b>Income (Fees)</b>										
<b>Credit purchase</b>	<b>17.2</b>	18.7	16.3	14.7	16.2	14.7	14.5	13.7	14.1	13.9
<b>Cash advance</b>	<b>4.1</b>	5.5	5.5	5.2	5.1	5.4	4.9	5.0	4.8	4.7
<b>Re-aged loans</b>	<b>2.0</b>	1.0	0.8	0.9	1.1	0.9	1.5	1.6	1.6	1.6
<b>Total</b>	<b>23.3</b>	25.3	22.8	21.0	22.6	21.2	21.2	20.6	20.9	20.6



### Dividend Policy

(Unit : %, won, Billion won )

Year	2002	2003	2004	2005	2006	2007
Dividend Yield(FV)	6.0	5.4	6.0	8.1	8.4	11.4
Dividend Yield(MV)	5.9	4.0	3.8	3.0	3.5	3.6
Dividend per share	300	270	300	405	420	570
Total dividend Paid	44.0	39.6	44.0	59.4	61.6	83.6
Payout Ratio(%)	29.7	32.7	33.2	33.2	33.5	30.9

\* F.V. : Face value, M.V. : Market Value

### Credit Ratings

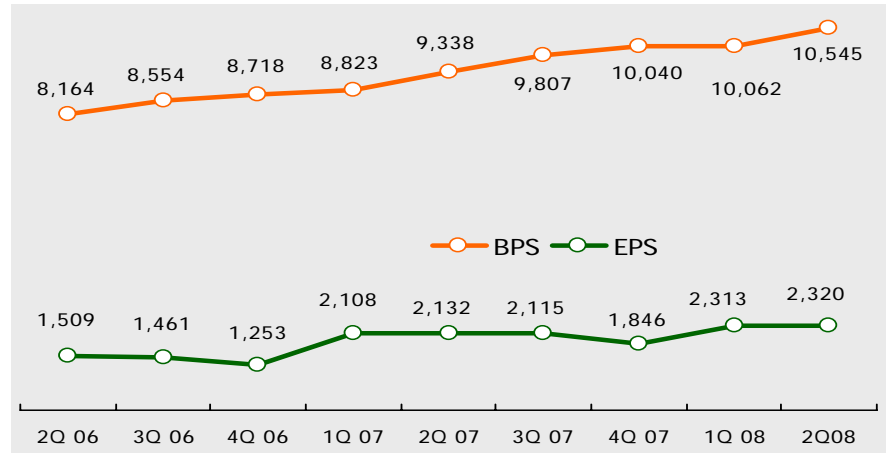
	Long Term		Short Term		BFSR	Outlook
<b>Moody's*</b>	A3	A2	P2	P1	C-	Stable
<b>Fitch**</b>	BBB+		F2		B/C	Stable

\* Upgraded on July 25, 2007 \*\* Rated on Dec. 20, 2005

Sep 2007	Issuer Rating	Subordinate bonds
<b>Korea Ratings</b>	AA+	AA
<b>KIS</b>	AA+	AA
<b>NICE</b>	N/A	AA

### EPS / BPS

(Unit:won )



### Major Shareholders (End of March 2008)\*

Shareholders	Ratio (%)
Aberdeen Asset Management Asia Ltd	13.53
Capital Research & Global Investors	12.51
Templeton Investment Counsel, LLC	5.07
<b>Sub Total</b>	<b>31.11</b>

\* Based on the most recent fair disclosures