

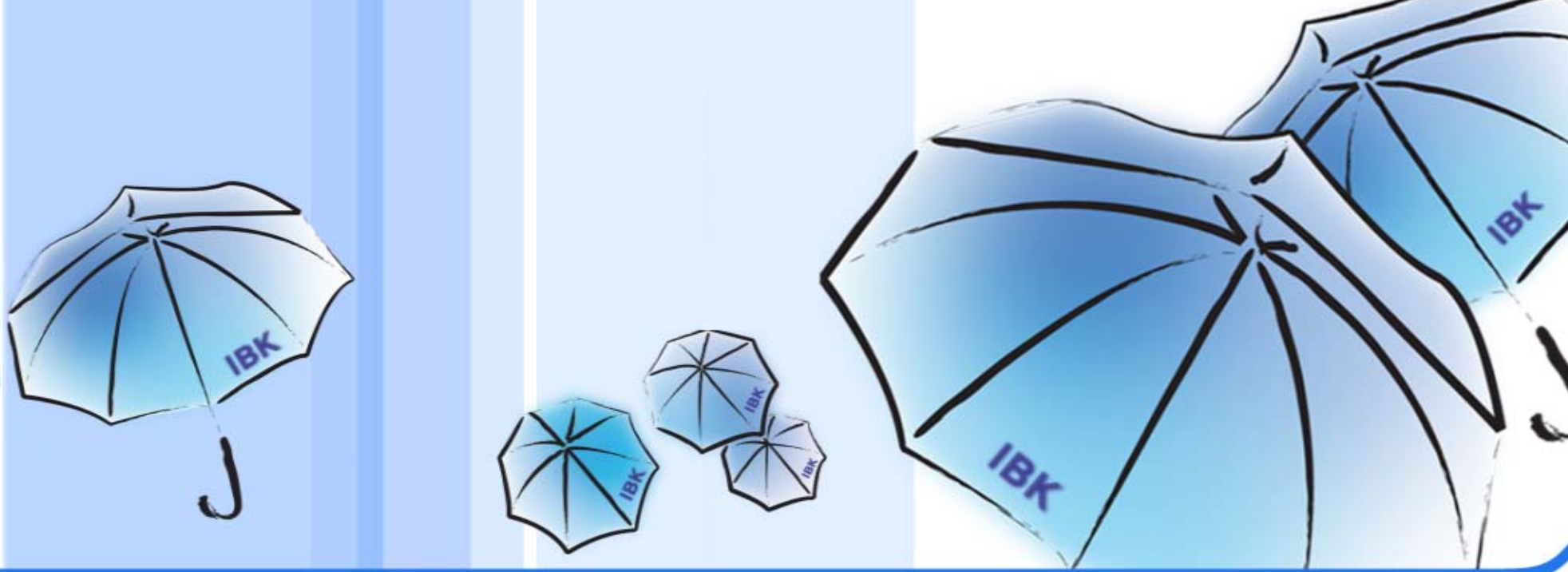
# Financial Results

For Third Quarter of 2006



## Disclaimer

- ❖ The operating results presented herewith 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 Industrial Bank of Korea ( "IBK" ), that are not statement of historical fact which would be treated as forward looking statement 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.



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## I. Financial Performance for Third Quarter of 2006

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# Financial Highlights

(KRW Billion)	FY2005		FY2006		% Change (QoQ)	% Change (YoY)
	3Q		2Q	3Q		
Total Assets <sup>1)</sup>	84,317	88,415	100,600	105,214	4.6%	24.8%
Total Loans <sup>2)</sup>	58,951	61,753	70,157	73,123	4.2%	24.0%
Total Deposits <sup>3)</sup>	56,667	58,778	65,923	71,846	9.0%	26.8%
Shareholders' Equity	4,501	4,758	5,156	5,483	6.3%	21.8%
Net Income	609	779	518	786	8.6%	29.0%
Pre-provision Income	1,267	1,617	904	1,432	34.2%	13.0%
ROA (%)	1.05	0.99	1.15	1.13	-0.02%p	0.08%p
ROE (%)	19.16	17.79	20.78	20.30	-0.48%p	1.14%p
BIS CAR (%)	10.90	11.11	11.16	11.12(p)	-0.04%p	0.22%p
Substandard & Below (%)	1.72	1.17	0.83	0.94	0.11%p	-0.78%p
NPL Coverage Ratio (%)	100.55	122.19	146.22	135.45	-10.77%p	34.90%p
Cost/ Income Ratio (%) <sup>4)</sup>	35.75	37.76	37.96	36.88	-1.08%p	1.13%p
NIM (%)	3.00	2.97	2.68	2.66	-0.02%p	-0.34%p

1) Total assets include KRW 2.86 tr from trust account

2) Total loans = loans (excluding offshore foreign currency loans & card loans) + advantages for guarantees + USANCE for local imports + loans in trust account

3) Total deposits = deposits in KRW + CD + SMIF bonds + deposits in foreign currencies (excluding offshore FX deposits) + money trust

4) Cost/income ratio = SG&A/ (SG&A + operating income + net provisioning + net provisioning for bond valuation)



# Income Statement

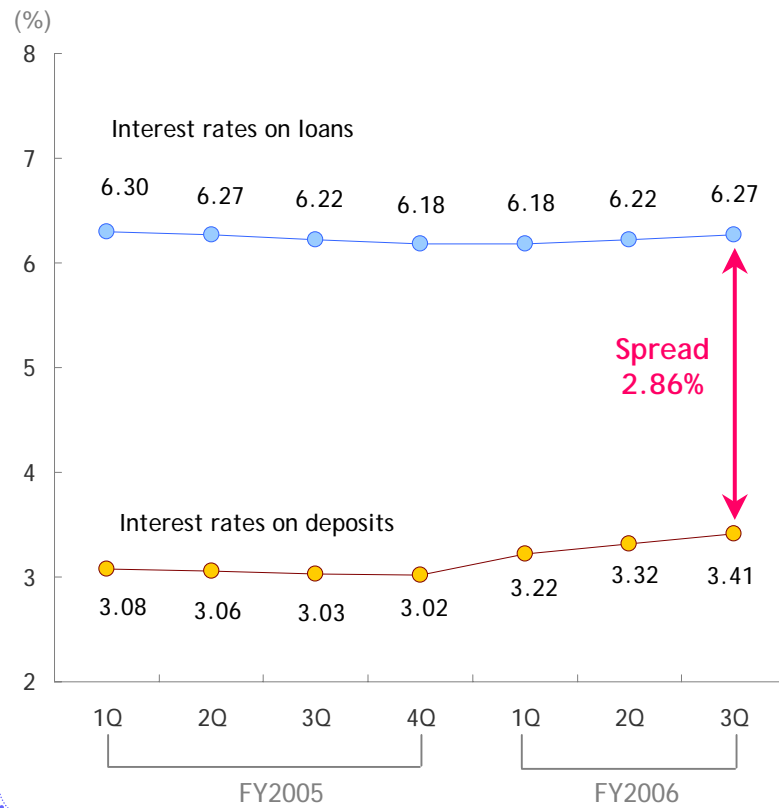
(KRW Billion)	1Q~3Q	FY2005	2Q	3Q	FY2006 1Q~3Q	% Change (QoQ)	% Change (YoY)
Net Interest Income	1,713	2,318	611	648	1,840	6.2%	7.4%
Non-interest Income	158	217	68	52	188	-23.1%	18.6%
Fee Income	254	345	106	106	305	-0.1%	20.1%
Securities	15	15	-2	5	23	-	57.4%
Others	-111	-143	-36	-59	-141	-	-
Trust Income	39	46	2	7	15	164.0%	-60.0%
SG&A	698	975	273	246	753	-9.8%	7.9%
Pre- provision Operating Income	1,212	1,607	408	461	1,290	13.0%	6.5%
Net Provisioning	415	506	35	146	317	315.7%	-23.7%
Operating Income	796	1,101	373	315	973	-15.5%	22.2%
Non-operating Income	28	-43	-25	55	110	-	287.6%
Pre-tax Profit	825	1,058	348	370	1,083	6.4%	31.3%
Income Tax	216	279	101	102	297	1.0%	37.9%
Net Income	609	779	247	268	786	8.6%	29.0%

\* Net interest & non-interest details on page 20, SG&A expenses and non-operating income details on page 21, provisioning details on page 24

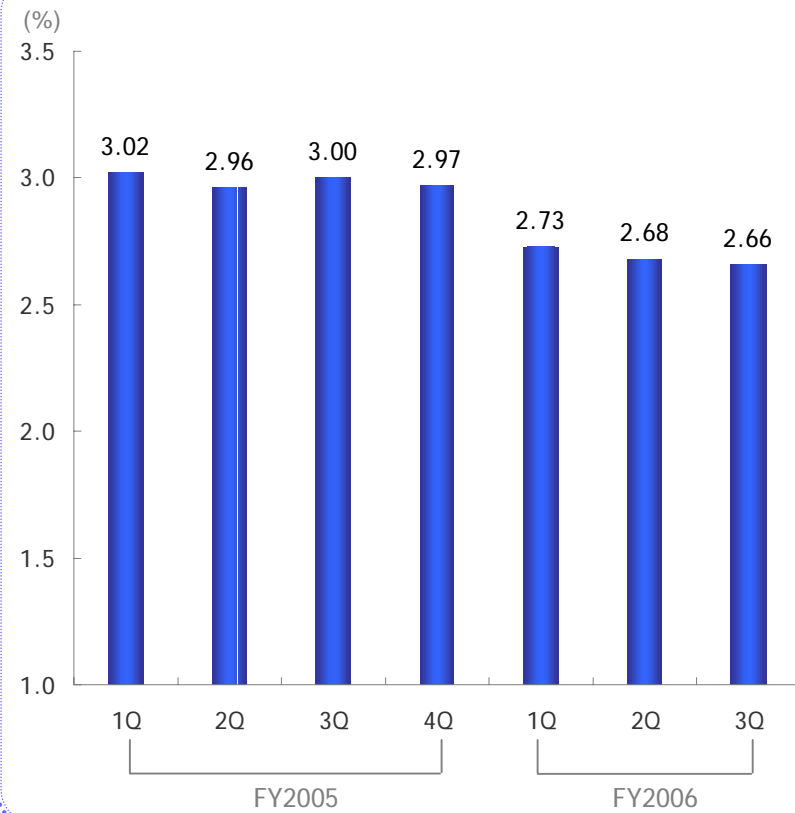


# Spread & NIM

## Spread



## NIM



\* Figures are cumulative starting from January of each year



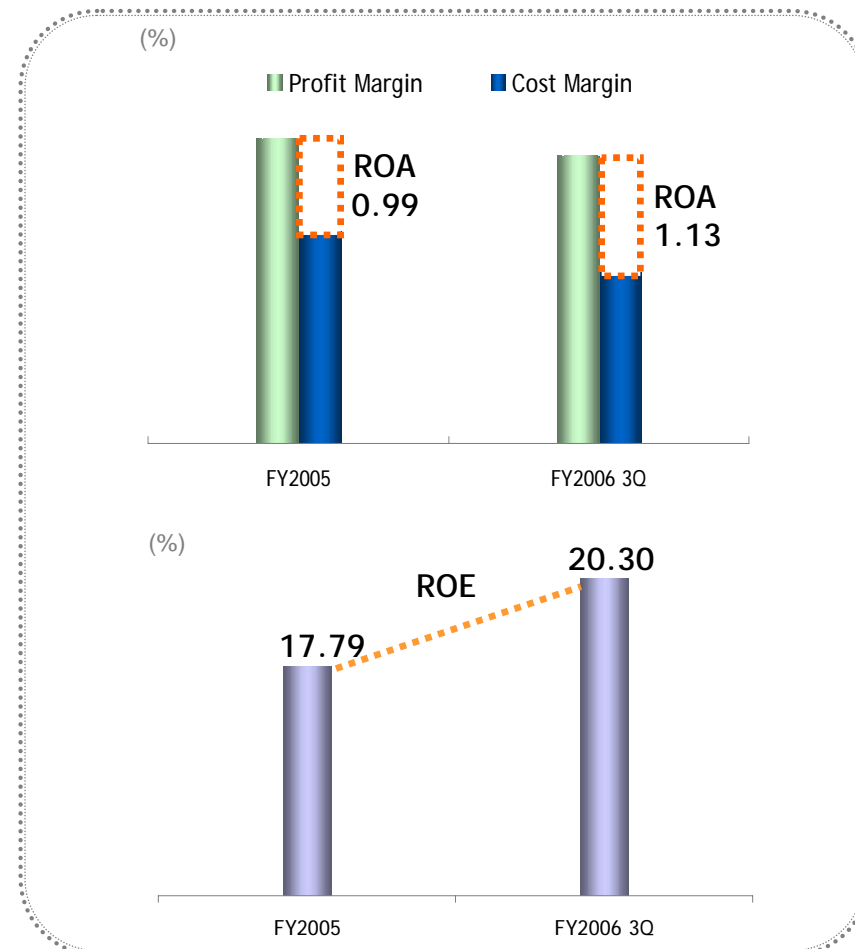
# ROA/ROE

## Profit Margin/Cost Margin

(%)	Breakdown	FY2005	FY2006 3Q	Change (%p)
Profit Margin (a)	Net Interest Income	2.94	2.64	-0.30
	Non-interest Income	0.27	0.27	-
	Trust Income	0.06	0.02	-0.04
	Non-operating Income	-	0.16	0.16
	Total	3.27	3.09	-0.18
Cost Margin (b)	SG&A Expenses	1.24	1.08	-0.16
	Net Provisioning	0.64	0.45	-0.19
	Non-operating Income	0.05	-	-0.05
	Income Tax	0.35	0.43	0.08
	Total	2.28	1.96	-0.32
ROA = (a-b)	Net Income/Asset	0.99	1.13	0.14
Leverage (x) = (c)	Asset/Equity	18.02	18.02	-
ROE = ROA x (c)		17.79	20.30	2.51

\* Based on average balance of total assets

## ROA / ROE







# Loan Portfolio



(KRW Billion)	2005.12	2006.09	Change (YTD)	Change % (YTD)
SME	49,261	58,403	9,142	18.6%
Household	9,901	11,915 <sup>1)</sup>	2,015	20.3%
Large Corp.	410	345	-64	-15.7%
Others	216	310	93	43.1%
Total	59,788	70,973	11,186	18.7%

\* Based on total loans in bank account (including both KRW and foreign currency)

\*\* Total number of corporate loan clients: 157,949

1) Includes card loan amount of KRW 142.8bn



# Asset Quality

(KRW Billion)	FY2005	FY2006		% Change (QoQ)
		2Q	3Q	
Normal	61,963	71,189 (97.5%)	74,341 (97.3%)	4.4%
Precautionary	1,774	1,221 (1.7%)	1,357 (1.8%)	11.1%
Substandard	508	398 (0.5%)	482 (0.6%)	21.1%
Doubtful	126	102 (0.1%)	97 (0.1%)	-4.7%
Estimated Loss	118	107 (0.2%)	138 (0.2%)	29.2%
Total	64,489	73,017 (100.0%)	76,415 (100.0%)	4.7%
Substandard & Below	752	606	717	18.2%
Substandard & Below/ Total Loans	1.17%	0.83%	0.94%	0.11%p
(Precautionary & Below/ Total Loans)	3.92%	2.50%	2.71%	0.21%p
Loan Loss Reserve	1,015	990	1,082	9.3%
NPL Coverage Ratio	122.19%	146.22%	135.45%	-10.77%p
Write-offs (Cumulative)	481	157	221 <sup>1)</sup>	-

1) Write-offs (cumulative): Corporate KRW 160.0 bn, household KRW 12.2 bn, credit card KRW 48.9 bn



# Deposit Structure

(KRW Billion)	FY2005	FY2006		% Change (QoQ)
		2Q	3Q	
Demand+Savings Deposits	33,815	30,130	28,615	-5.0%
Demand Deposits	5,506	6,136	6,152	0.3%
Savings Deposits	28,309	23,994	22,463	-6.4%
CD, Paper Notes & RP	9,375	11,495	10,445	-9.1%
SMIF Bonds	14,480	23,826	29,931	25.6%
<b>Sub-Total (B)</b>	<b>57,670</b>	<b>65,450</b>	<b>68,991</b>	<b>5.4%</b>
Trust <sup>1)</sup>	2,654	2,690	3,250	20.8%
<b>Total Deposits</b>	<b>60,324</b>	<b>68,140</b>	<b>72,241</b>	<b>6.0%</b>

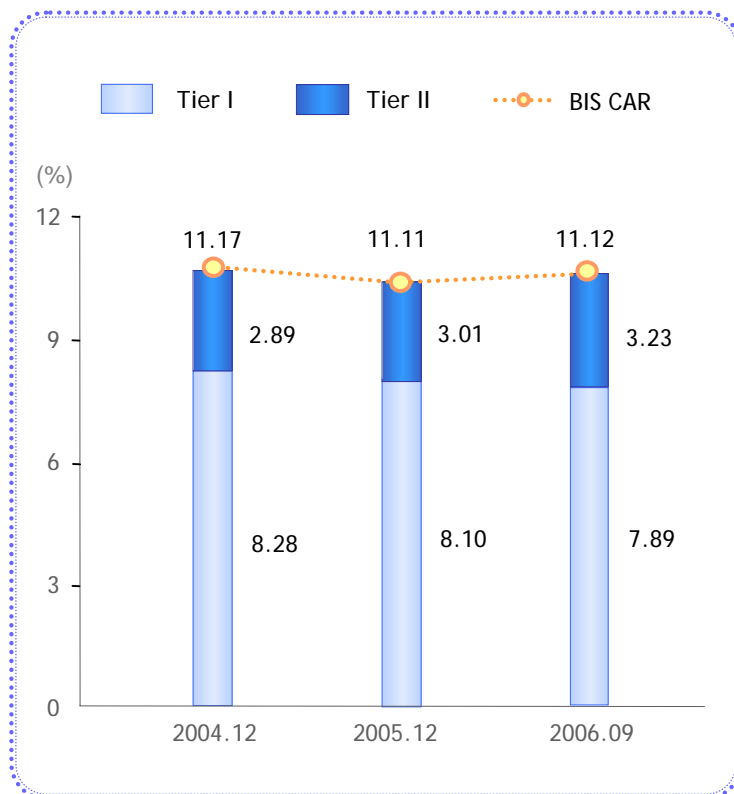
\* Based on monthly average balance of KRW denominated deposits.

1) Money trust (excluding beneficiary certificates)



# BIS CAR

## BIS Trend



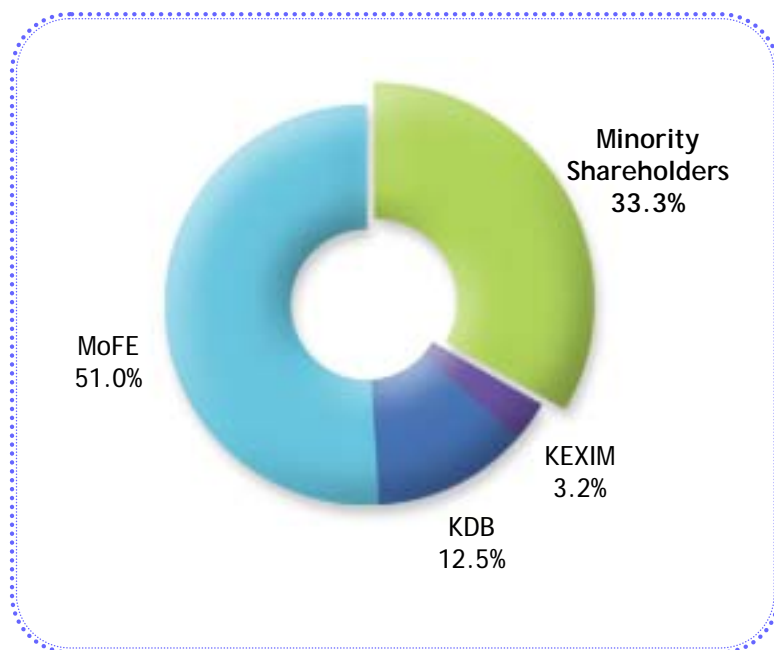
## BIS Breakdown

(KRW Billion)	FY2005	FY06 3Q
Tier I	4,299	5,121
Paid-in Capital	2,291	2,291
Capital Surplus	7	7
Retained Earnings	2,162	2,771
Minority Interest	27	58
Tier II	1,594	2,096
Reserve for Loan Losses	668	769
Others	143	214
Subordinated Debts	1,114	1,296
Total	5,892	7,217
Risk-weighted Assets	53,042	64,885
BIS CAR (%)	11.11	11.12
Tier I Ratio (%)	8.10	7.89
Tier II Ratio (%)	3.01	3.23

\* FY06 3Q numbers are all preliminary figures



# Shareholder Structure



	Common Shares	Preferred Shares	Total
	# of Share ('000) (%)	# of Share ('000) (%)	# of Share ('000) (%)
MoFE	233,734(57.7)	-	233,734(51.0)
KDB	10,490(2.6)	46,915(88.3)	57,405(12.5)
KEXIM	8,501(2.1)	6,210(11.7)	14,711(3.2)
Minority Shareholders	152,427(37.6)	-	152,427(33.3)
Foreign Ownership	82,864(20.5)	-	82,864(18.1)
Total	405,152(100.0)	53,125(100.0)	458,277(100.0)

\* As of September 30, 2006 (Before closing of shareholders' list)



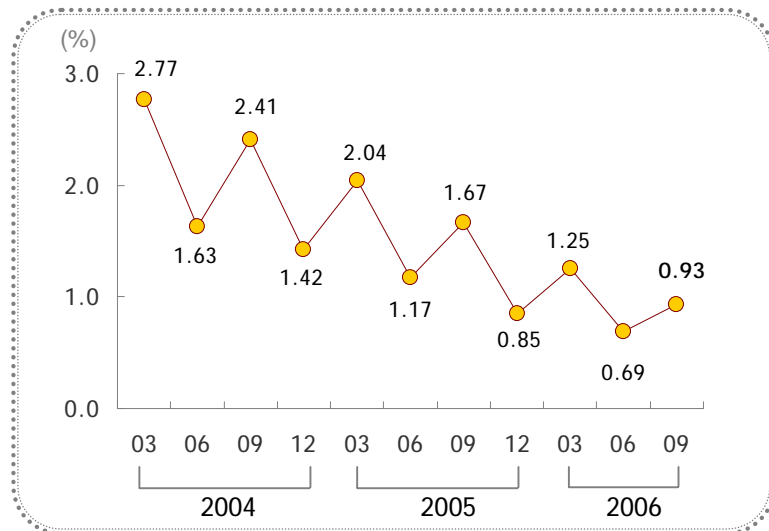
## II. Major Areas of Interest

1. Corporate Loans Delinquency
2. Household Loans Delinquency
3. Credit Cards Delinquency

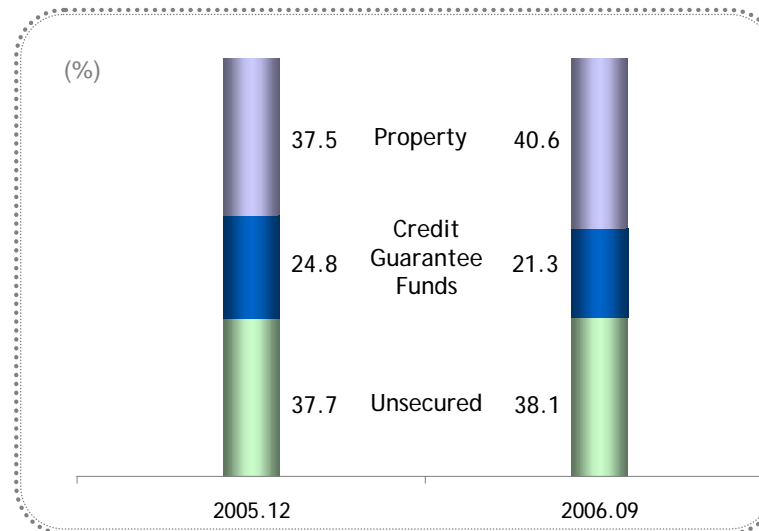


# Corporate Loans Delinquency

## Corporate Loans Delinquency Trend



## SME Loans by Collateral Type



## Delinquency Ratios

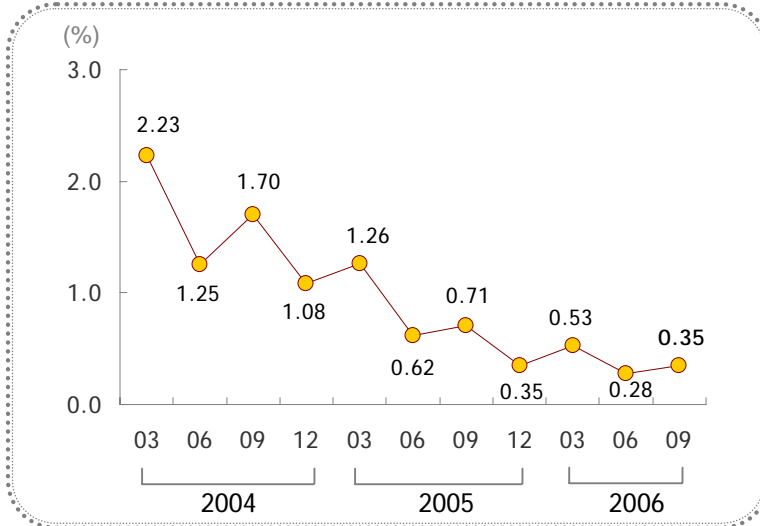
FY2004	FY2004				FY2005				FY2006		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Delinquency Ratios	2.77	1.63	2.41	1.42	2.04	1.17	1.67	0.85	1.25	0.69	0.93
(+Write-offs & NPL Sales)	(2.93)	(2.78)	(3.62)	(3.59)	(2.14)	(2.17)	(2.69)	(2.41)	(1.35)	(1.31)	(1.54)

\* Delinquency ratios including write-offs and NPL sales are cumulative basis starting from January of each year.

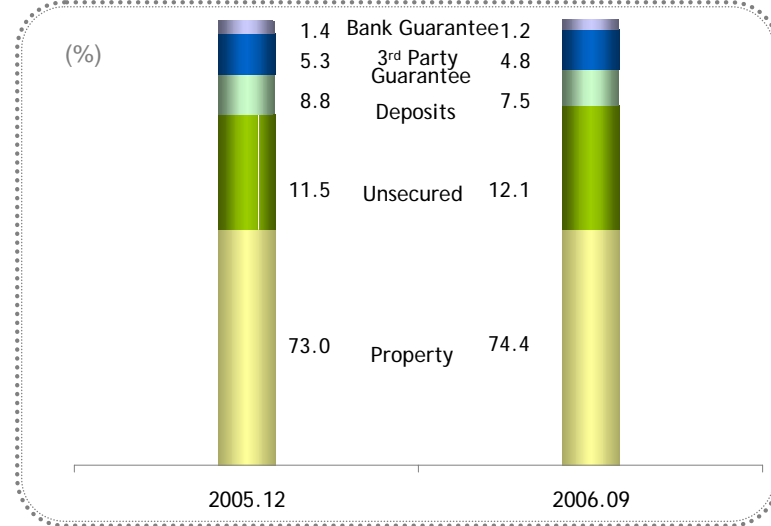


# Household Loans Delinquency

Household Loans Delinquency Trend



Household Loans by Collateral Type



Delinquency Ratios

(%)	FY2004				FY2005				FY2006		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Delinquency Ratios	2.23	1.25	1.70	1.08	1.26	0.62	0.71	0.35	0.53	0.28	0.35
(+Write-offs & NPL Sales)	(2.36)	(2.14)	(2.69)	(2.54)	(1.33)	(1.15)	(1.22)	(1.07)	(0.56)	(0.50)	(0.56)

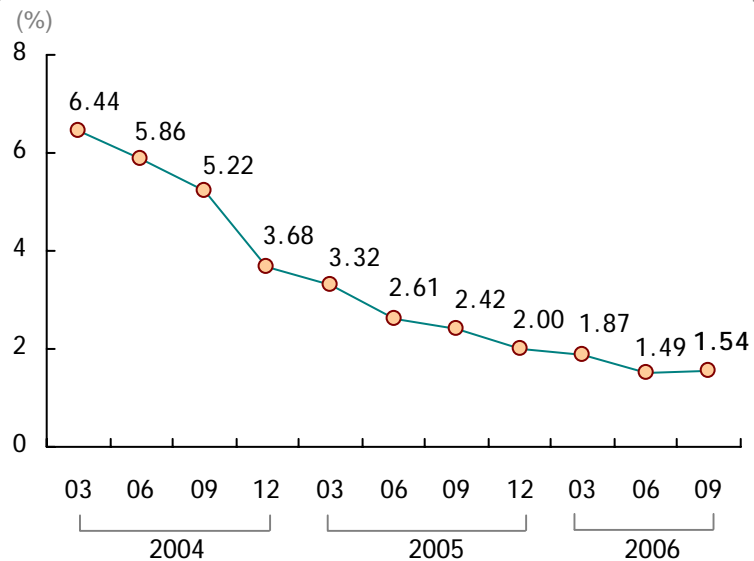
\* Delinquency ratios including write-offs and NPL sales are cumulative basis starting from January of each year.





# Credit Cards Delinquency

Credit Card Delinquency Trend (+ 1 month)



(KRW Billion, %)	FY2004	FY2005				FY2006		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Account Balance (A+B)	1,867	1,684	1,667	1,676	1,693	1,639	1,755	1,841
Delinquency Ratio (Over 1 day) (%)	5.14	4.80	3.98	3.63	2.97	2.67	2.34	2.49
Delinquency Ratio (Over 1 month) (%)	3.68	3.32	2.61	2.42	2.00	1.87	1.49	1.54
Credit Card Billing Balance (A)	1,555	1,394	1,424	1,472	1,509	1,470	1,601	1,698
Delinquency Ratio (Over 1 day) (%)	4.21	4.12	3.36	3.11	2.60	2.37	2.12	2.27
Delinquency Ratio (Over 1 month) (%)	3.04	2.92	2.17	2.01	1.70	1.64	1.32	1.35
Card Loan Account Balance (B)	312	291	243	204	184	169	155	143
Re-aged Loans	137	124	93	70	60	52	44	40
Delinquency Ratio (%)	9.77	8.08	7.60	7.37	6.05	5.27	4.53	5.19
Write-off (Cumulative)	290	33	100	158	182	19	36	49

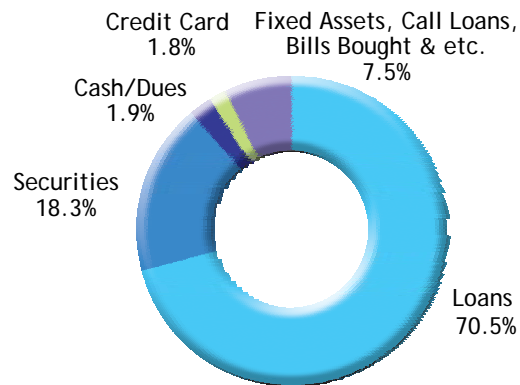
### III. Appendix

1. Funding & Operations
2. Net Interest/Non-interest Income
3. SG&A Expenses & Non-operating Income
4. Loans by Industry
5. Household Loans
6. Provisioning
7. Share Price Indicators
8. SME Status

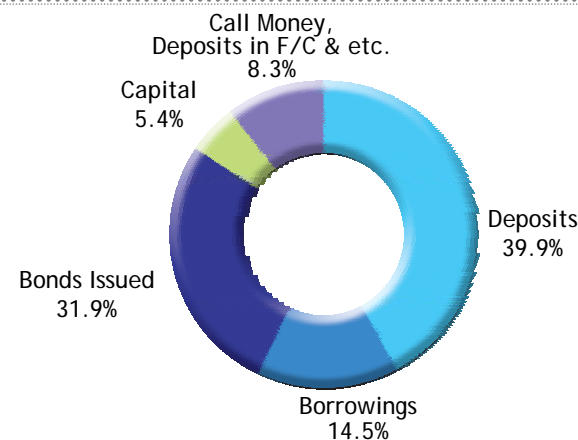


# Funding & Operations

## Operations



## Funding



(KRW Billion)	FY2005	FY06 3Q
Loans <sup>1)</sup>	60,948(71.3%)	72,152(70.5%)
Securities	15,069(17.6%)	18,727(18.3%)
Cash & Dues	2,282(2.7%)	1,928(1.9%)
Credit Cards (+Card Loans)	1,693(2.0%)	1,841(1.8%)
Fixed Assets, Call Loans, Bills Bought & etc.	5,527(6.4%)	7,705(7.5%)
<b>Total</b>	<b>85,519(100.0%)</b>	<b>102,353(100%)</b>

1) Loans: loans in KRW & F/C + inter-bank loans + guarantees & acceptances

(KRW Billion)	FY2005	FY06 3Q
Deposits in Won <sup>1)</sup>	43,302(50.6%)	40,792(39.9%)
Borrowings	13,548(15.8%)	14,867(14.5%)
Borrowings from BOK	1,987(2.3%)	2,253(2.2%)
Borrowings from Gov	8,792(10.3%)	9,685(9.5%)
Borrowings in F/C	2,770(3.2%)	2,929(2.9%)
Bonds Issued	16,818(19.7%)	32,668(31.9%)
SMIF Bonds	14,837(17.3%)	30,326(29.6%)
Capital	4,758(5.6%)	5,483(5.4%)
Call Money, Deposits in F/C & etc.	7,093(8.3%)	8,544(8.3%)
<b>Total</b>	<b>85,519(100.0%)</b>	<b>102,353(100%)</b>

1) Deposits in Won: deposits in KRW + CD + paper notes + RP



# Net Interest/Non-interest Income

(KRW Billion)	1Q~3Q	FY2005	1Q	2Q	3Q	FY2006 1Q~3Q	% Change (QoQ)	% Change (YoY)
Net Interest Income	1,713	2,318	581	611	648	1,840	6.2%	7.4%
Total Interest Income	3,285	4,479	1,212	1,338	1,459	4,010	9.0%	22.1%
Loans	2,481	3,376	921	1,021	1,106	3,048	8.4%	22.9%
Credit Card Receivables <sup>1)</sup>	274	366	90	92	93	275	2.0%	0.4%
(Credit Purchase)	(175)	(238)	(63)	(66)	(68)	(197)	(3.8%)	(12.4%)
Securities	413	573	156	176	202	534	14.6%	29.4%
Other Loans, Dues & etc.	117	164	44	51	58	152	13.4%	30.1%
Total Interest Expenses	1,572	2,160	631	728	810	2,170	11.3%	38.0%
Deposits	827	1,093	251	266	244	761	-8.0%	-8.0%
SMIF Bonds & etc.	745	1,067	381	462	566	1,409	22.5%	89.1%
Non-interest Income	158	217	67	68	52	188	-23.1%	18.6%
Fee Income	254	345	94	106	106	305	-0.1%	20.1%
Commission in Won	119	158	40	47	47	134	-1.5%	13.2%
F/X Related Fee	65	87	22	25	24	70	-3.3%	8.2%
Bancassurance Fee	40	56	17	18	19	54	7.9%	34.8%
Credit Card Fee	25	34	10	11	11	32	-0.9%	28.7%
BC Sales Commission	6	9	5	5	5	15	2.0%	150.8%
Securities Related Gain	15	15	20	-2	5	23	-	57.4%
Others <sup>2)</sup>	-111	-143	-47	-36	-59	-141	-	-
Trust Income	39	46	6	2	7	15	164.0%	-60.0%

1) Interest on credit purchase, cash advance and card loans

2) Includes Korea Credit Guarantee Funds fees, Depository Insurance fees, F/X transactions related gain/loss and etc.



# SG&A Expenses & Non-operating Income

(KRW Billion)	FY2005		FY2006			FY2006 1Q~3Q	% Change (QoQ)	% Change (YoY)
	1Q~3Q		1Q	2Q	3Q			
SG&A Expenses	698	975	233	273	246	753	-9.8%	7.9%
Salaries	362	494	121	163	114	399	-29.9%	10.1%
Administrative Cost	309	427	103	99	120	322	20.7%	4.2%
(Depreciation)	(69)	(104)	(21)	(24)	(26)	(71)	(7.4%)	(3.5%)
Provision for Severance Pay	27	53	9	11	13	33	12.5%	20.7%
Non-operating Income	28	-43	80	-25	55	110	-	287.6%
Loan Sale	-12	-103	-	-21	-	-21	-	-
Investment Securities Related Income	33	43	99	14	64	177	339.3%	432.5%
Equity Method Gain	9	13	9	9	6	24	-30.2%	168.2%
Gain/Loss from Valuation & Trading	24	30	90	6	58	153	878.0%	527.9%
Other Non-operating Income	7	16	-19	-19	-9	-46	-	-



# Loans by Industry

(KRW Billion)	2005.12		2006.09			
	Amount	Share (%)	Amount	Change	Share (%)	YTD (%p)
<b>Manufacturing</b>	32,273	65.5	37,557	5,284	64.3	-1.2
Textile	2,566	5.2	2,508	-59	4.3	-0.9
Apparel & Leather	945	1.9	1,048	104	1.8	-0.1
Chemical Products	1,732	3.5	2,018	286	3.5	-
Rubber, Plastic Products	2,753	5.6	3,087	334	5.3	-0.3
Basic Metals	2,017	4.1	2,294	277	3.9	-0.2
Fabricated Metals	3,666	7.4	4,491	824	7.7	0.3
Other Machinery	4,801	9.7	6,397	1,596	10.9	1.2
Electrical Machinery	1,459	3.0	1,772	314	3.0	-
Communication Equipment	2,647	5.4	3,088	441	5.3	-0.1
Automobiles	2,552	5.2	2,879	327	4.9	-0.3
Other Manufacturing	7,136	14.5	7,977	841	13.7	-0.8
<b>Construction</b>	2,653	5.4	3,958	1,305	6.8	1.4
<b>Wholesale &amp; Retail Trade</b>	7,624	15.5	9,005	1,381	15.4	-0.1
<b>Lease &amp; Rental Service</b>	2,965	6.0	3,469	504	5.9	-0.1
<b>Others</b>	3,746	7.6	4,414	668	7.6	-
Lodging & Dining	562	1.1	577	15	1.0	-0.1
Transportation	521	1.1	645	124	1.1	-
Other Services <sup>1)</sup>	2,663	5.4	3,193	529	5.5	0.1
<b>Total</b>	<b>49,261</b>	<b>100.0</b>	<b>58,403</b>	<b>9,142</b>	<b>100.0</b>	<b>-</b>

\* SME loans (including F/X loans)

1) Agriculture, forestry, fishery, mining, electricity/gas/water, education, government services, financing/insurance, etc.



# Household Loans

(KRW Billion)	FY2005	FY2006			% Change (QoQ)	% Change (YTD)
		1Q	2Q	3Q		
General Household Loans (A)	9,164	9,644	10,499	11,093	5.7%	21.0%
Home Equity Loans (B)	5,107	5,304	5,623	5,911	5.1%	15.7%
Housing Loans (C)	553	594	620	680	9.6%	23.0%
Total (D=A+C)	9,717	10,238	11,119	11,773	5.9%	21.2%
Housing-related Loan Ratio (B+C)/D	58.2%	57.6%	56.1%	56.0%	-0.1%p	-2.2%p

\* Excluding card loans

\*\* LTV of weighted average home-equity loan as of September 2006 is 54.3%





# Provisioning

(KRW Billion)	FY2005						FY2006				
	1Q	2Q	3Q	4Q	Total	Account Balance	1Q	2Q	3Q	Total	Account Balance
<b>Corporate</b>	143	74	185	155	557	797	118	76	129	322	856
<b>Provisions</b>	143	74	185	110	512	752	119	71	123	313	803
Other Provisions ( Unused Credit Line)	-	-	-	45	45	45	-1	5	6	9	54
<b>Household</b>	14	10	13	11	47	118	12	8	8	28	132
<b>Provisions</b>	14	10	13	4	41	111	11	8	7	27	124
Other Provisions ( Unused Credit Line)	-	-	-	7	7	7	0	0	0	1	8
<b>Credit Card</b>	18	-2	15	36	67	100	5	7	9	21	94
<b>Provisions</b>	18	-2	15	7	38	66	6	5	7	17	55
Other Provisions ( Unused Credit Line)	-	-	-	29	29	35	-1	2	3	4	39
<b>Sub - total</b>	175	83	213	202	672	1,015	134	91	146	371	1,082
<b>Recoveries Related to ABS &amp; Other Provisions</b>	-7	-49	1	-112	-166	-	2	-56	0	-54	-
<b>Total</b>	168	34	213	90	506	1,015	136	35	146	317	1,082





# Share Price Indicators

	FY2004	FY2005	FY2006 3Q
Net Income (A)	KRW 370 bn	KRW 779bn	KRW 786bn
Net Asset <sup>1)</sup> (B)	KRW 3,905 bn	KRW 4,758 bn	KRW 5,483 bn
Outstanding Shares ('000) (C)	458,277	458,277	458,277
Share Price	KRW 7,260	KRW 17,550	KRW 16,200
Market Capitalization	KRW 3.33tr	KRW 8.04tr	KRW 7.42tr
EPS (A/C)	KRW 808	KRW 1,699	KRW 2,293 <sup>2)</sup>
PER	8.99x	10.33x	7.07x
BPS (B/C)	KRW 8,520	KRW 10,381	KRW 11,964
PBR	0.85x	1.69x	1.35x
Dividend Ratio (%) (Based on Par Value)	Major : 2.0% Minority : 5.0%	8.0%	-

1) Total assets - total liabilities

2) Annualized EPS

# SME Status



## + SME Status in Korean Economy

	No. of Companies	Employment	Production	Added Value	Export
SME Portion (%)	99.8	86.5	48.6	49.4	35.6

## + Breakdown of GDP Growth

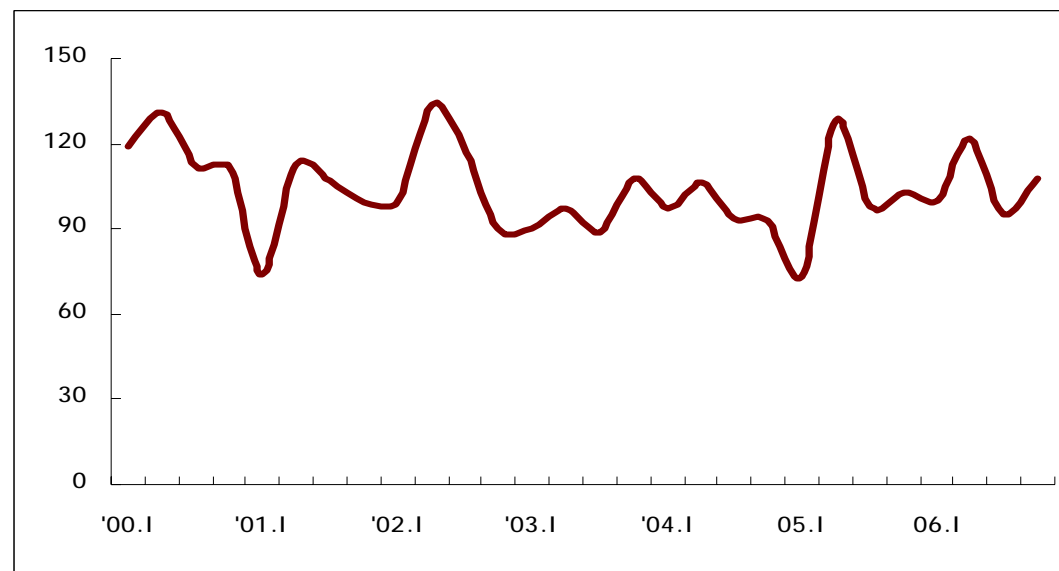
	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06
GDP(%)	5.4	5.7	4.7	3.3	2.7	3.2	4.5	5.3	6.1	5.3
Manufacturing	11.9	13.6	11.7	7.7	5.1	5.0	7.4	10.2	9.9	9.3
Service	2.2	2.3	1.9	1.3	2.2	2.5	3.4	3.9	4.3	4.3

## + Manufacturing Portion Among SMEs

(Unit: Thousand)

Manufacturing	326	10.9%
Construction	80	2.7%
Wholesale & Retail Trade	870	29.0%
Lodging & Dining	640	21.3%
Transportation	330	11.0%
Finance/Insurance	8	0.3%
Lease & Rental Service	100	3.3%
Business Service	80	2.7%
Education Service	100	3.3%
Health & Welfare	60	2.0%
Entertainment & Culture	120	4.0%
Other Services	270	9.0%
Total	3,000	100.0%

## + BSI for SME Manufacturers



\* Source: IBK Economic Institute, National Statistical Office, Bank of Korea



# Thank you

