

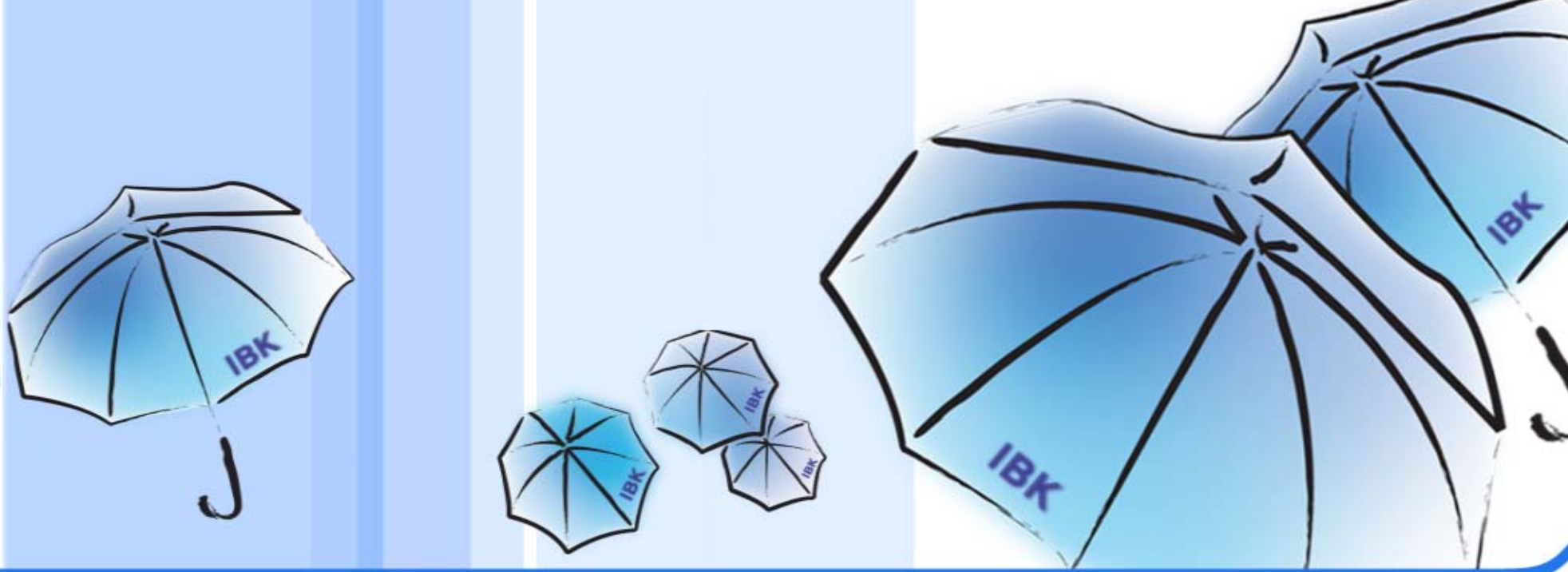
Financial Results

for First Half 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.



CONTENTS

- I. Financial Performance for First Half of 2006
- II. Major Areas of Interest
- III. Appendix



I. Financial Performance for First Half of 2006

1. Financial Highlights	5
2. Income Statement	6
3. Spread & NIM	7
4. ROA/ROE	8
5. Loan Portfolio	9
6. Asset Quality	10
7. Deposit Structure	11
8. BIS CAR	12
9. Shareholder Structure	13



Financial Highlights

(KRW Billion)	FY2005		FY2006		% Change (QoQ)	% Change (YoY)
	2Q		1Q	2Q		
Total Assets ¹⁾	83,715	88,415	93,730	100,600	7.3%	20.2%
Total Loans ²⁾	57,362	61,753	65,021	70,157	7.9%	22.3%
Total Deposits ³⁾	57,648	58,778	60,631	65,923	8.7%	14.4%
Shareholders' Equity	4,293	4,758	4,889	5,156	5.5%	20.1%
Net Income	422	779	271	518	-8.7%	22.5%
Pre-provision Income	802	1,617	510	904	-22.7%	12.7%
ROA (%)	1.13	0.99	1.26	1.15	-0.11%p	0.02%p
ROE (%)	20.65	17.79	22.44	20.78	-1.66%p	0.13%p
BIS CAR (%)	10.79	11.11	11.07	11.13(p)	0.06%p	0.34%p
Substandard & Below (%)	1.47	1.17	1.28	0.83	-0.45%p	-0.64%p
NPL Coverage Ratio (%)	110.28	122.19	113.66	146.22	32.56%p	35.94%p
Cost/ Income Ratio (%) ⁴⁾	38.40	37.76	35.72	37.96	2.24%p	-0.44%p
NIM (%)	2.96	2.97	2.73	2.68	-0.05%p	-0.28%p

1) Total assets include KRW 2.89 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

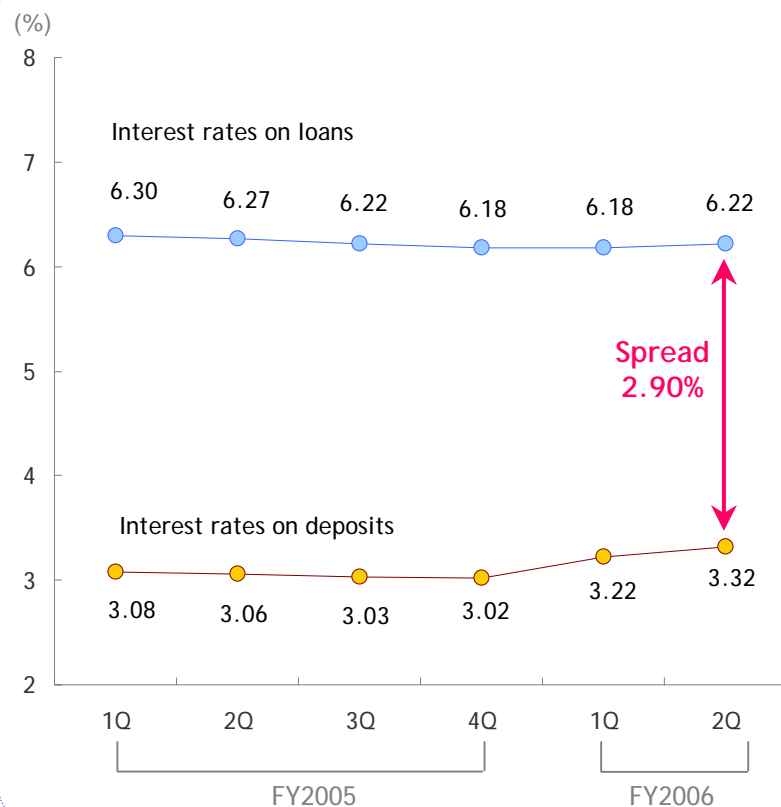
(KRW Billion)	FY2005		FY2006		% Change (QoQ)	% Change (YoY)
	1H		1Q	2Q		
Net Interest Income	1,098	2,318	581	611	1,192	5.1% 8.5%
Non-interest Income	102	217	67	68	135	1.2% 33.2%
Fee Income	160	345	94	106	199	13.0% 24.4%
Securities	12	15	20	-2	18	- 56.0%
Others	-70	-143	-47	-36	-82	- -
Trust Income	26	46	6	2	9	-61.9% -65.9%
SG&A	470	975	233	273	507	17.1% 7.7%
Pre- provision Operating Income	754	1,607	421	408	829	-3.1% 9.9%
Net Provisioning	202	506	136	35	171	-74.2% -15.4%
Operating Income	552	1,101	285	373	658	30.7% 19.1%
Non-operating Income	31	-43	80	-25	55	- 79.1%
Pre-tax Profit	583	1,058	365	348	713	-4.8% 22.3%
Income Tax	161	279	95	101	195	6.3% 21.6%
Net Income	422	779	271	247	518	-8.7% 22.5%

* Net interest & non-interest details on page 20, SG&A expenses and non-operating income details on page 21, provisioning details on page 26

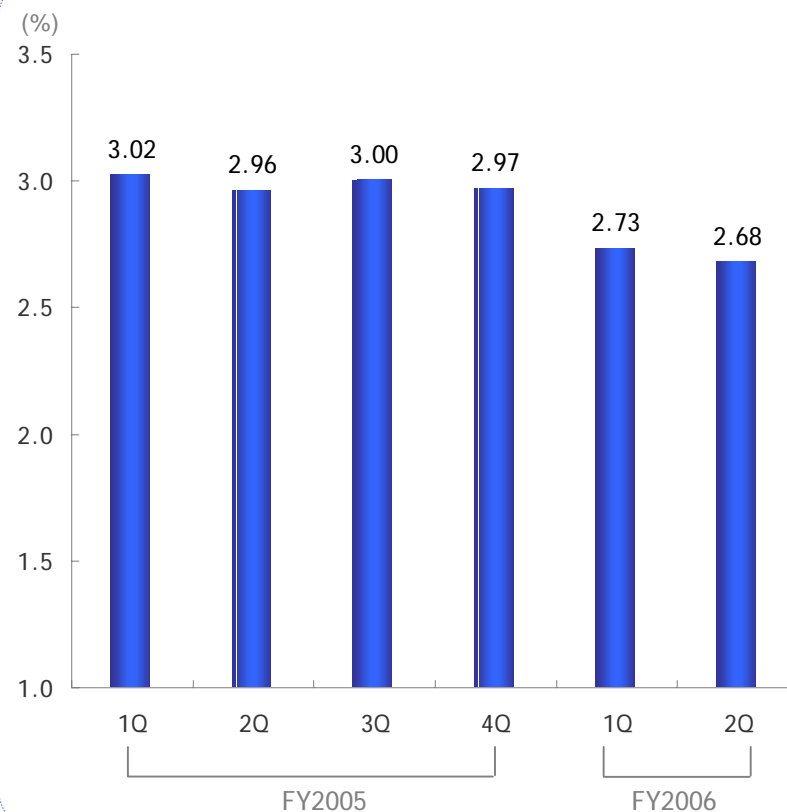


Spread & NIM

Spread



NIM



* Figures are cumulative starting from January of each year



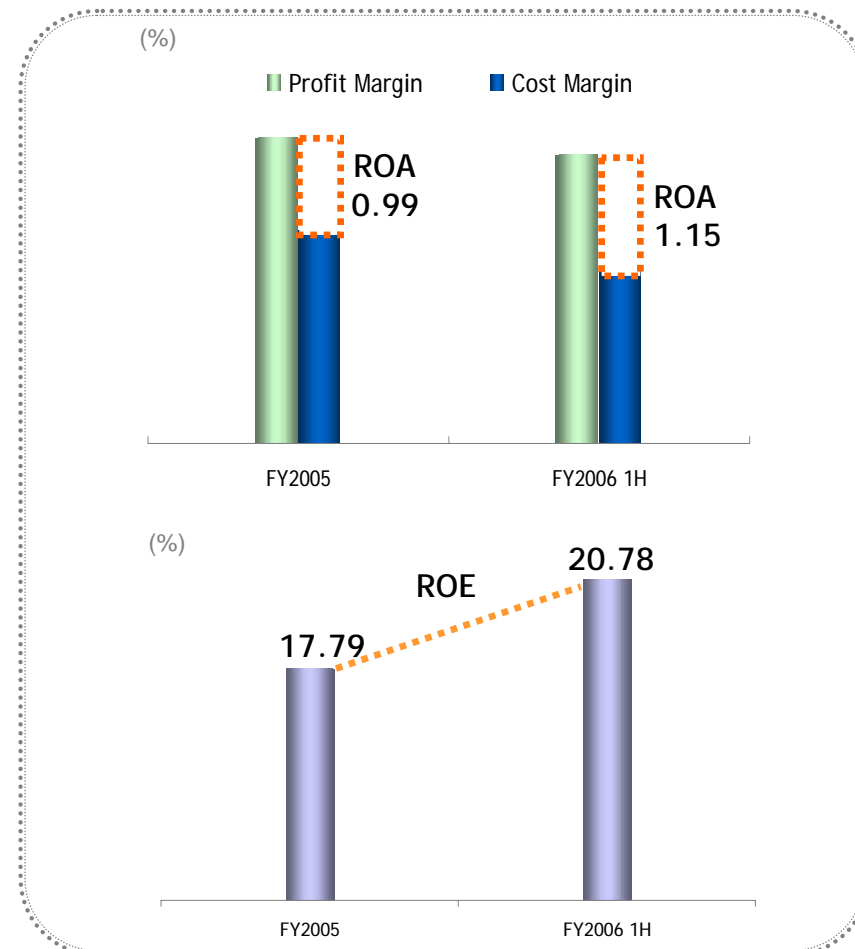
ROA/ROE

Profit Margin/Cost Margin

(%)	Breakdown	FY2005	FY2006 1H	Change (%p)
Profit Margin (a)	Net Interest Income	2.94	2.65	-0.29
	Non-interest Income	0.27	0.30	0.03
	Trust Income	0.06	0.02	-0.04
	Non-operating Income	-	0.12	0.12
	Total	3.27	3.09	-0.18
Cost Margin (b)	SG&A Expenses	1.24	1.13	-0.11
	Net Provisioning	0.64	0.38	-0.26
	Non-operating Income	0.05	-	-0.05
	Income Tax	0.35	0.43	0.08
	Total	2.28	1.94	-0.34
ROA = (a-b)	Net Income/Asset	0.99	1.15	0.16
Leverage (x) = (c)	Asset/Equity	18.02	18.04	-
ROE = ROA x (c)		17.79	20.78	2.99

* Based on average balance of total assets

ROA / ROE





Loan Portfolio



(KRW Billion)	2005.12	2006.06	Change (YTD)	Change % (YTD)
SME	49,261	55,893	6,632	13.5%
Household ¹⁾	9,901	11,274	1,373	13.9%
Large Corp.	410	394	-16	-3.9%
Others	216	294	77	35.7%
Total	59,788	67,854	8,066	13.5%

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

** Total number of corporate loan clients: 156,703

1) Includes card loan amount of KRW 154.5bn



Asset Quality

(KRW Billion)	FY2005	FY2006		% Change (QoQ)	% Change (YTD)
		1Q	2Q		
Normal	61,963	65,307 (96.3%)	71,189 (97.5%)	9.0%	14.9%
Precautionary	1,774	1,603 (2.4%)	1,221 (1.7%)	-23.8%	-31.1%
Substandard	508	592 (0.9%)	398 (0.5%)	-32.8%	-21.7%
Doubtful	126	121 (0.2%)	102 (0.1%)	-15.6%	-19.3%
Estimated Loss	118	155 (0.2%)	107 (0.2%)	-31.3%	-9.7%
Total	64,489	67,777 (100.0%)	73,017 (100.0%)	7.7%	13.2%
Substandard & Below	752	868	606	-30.1%	-19.4%
Substandard & Below/ Total Loans	1.17%	1.28%	0.83%	-0.45%p	-0.34%p
(Precautionary & Below/ Total Loans)	3.92%	3.64%	2.50%	-1.14%p	-1.42%p
Loan Loss Reserve	1,015	1,081	990	-8.4%	-2.4%
NPL Coverage Ratio	122.19%	113.66%	146.22%	32.56%p	24.03%p
Write-offs (Cumulative) ¹⁾	481	78	157 ¹⁾	-	-

1) Write-offs (cumulative): Corporate KRW 113.1 bn, household KRW 8.0 bn, credit card KRW 36.2 bn



Deposit Structure

(KRW Billion)	FY2005	FY2006		% Change (QoQ)
		1Q	2Q	
Demand+Savings Deposits	33,815	30,717	30,130	-1.9%
Demand Deposits	5,506	5,630	6,136	9.0%
Savings Deposits	28,309	25,087	23,994	-4.4%
CD, Paper Notes & RP	9,375	10,671	11,495	7.7%
SMIF Bonds	14,480	17,749	23,826	34.2%
Sub-Total (B)	57,670	59,138	65,450	10.7%
Trust ¹⁾	2,654	2,704	2,690	-0.5%
Total Deposits	60,324	61,842	68,140	10.2%
Low-cost Deposits ²⁾ (A)	11,291	11,343	11,952	5.4%
Low-cost Deposits Ratio (A/B)	19.6%	19.2%	18.3%	-0.9%p

* Based on monthly average balance of KRW denominated deposits.

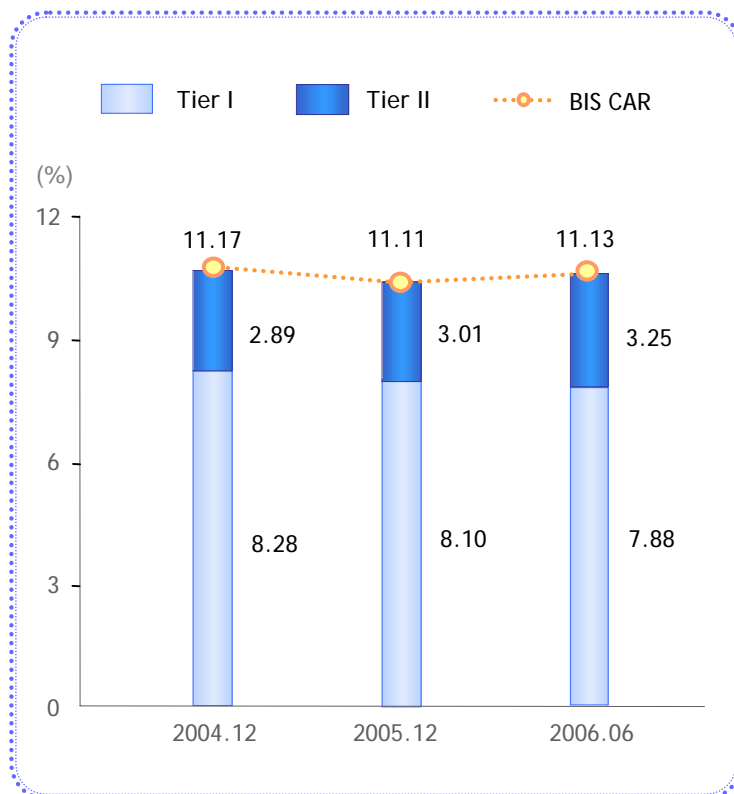
1) Money trust (excluding beneficiary certificates)

2) Low-cost deposits = demand & savings deposits + corporate free savings deposits (excluding MMDA)



BIS CAR

BIS Trend



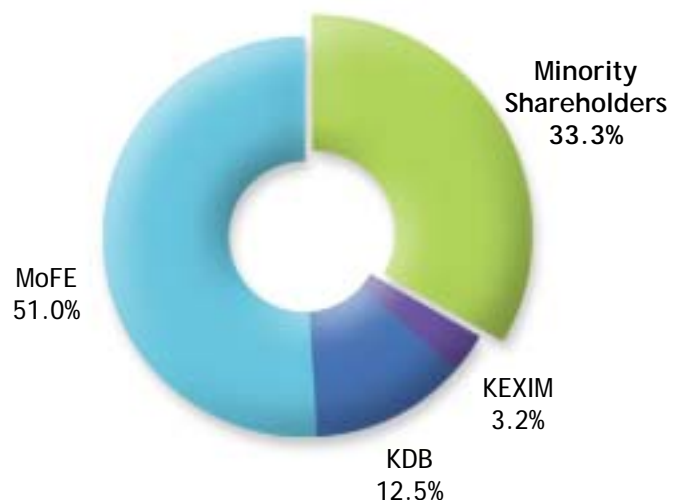
BIS Breakdown

(KRW Billion)	FY2005	FY06 1H
Tier I	4,299	4,854
Paid-in Capital	2,291	2,291
Capital Surplus	7	7
Retained Earnings	2,162	2,506
Minority Interest	27	59
Tier II	1,594	2,006
Reserve for Loan Losses	668	722
Others	143	170
Subordinated Debts	1,114	1,364
Total	5,892	6,861
Risk-weighted Assets	53,042	61,629
BIS CAR (%)	11.11	11.13
Tier I Ratio (%)	8.10	7.88
Tier II Ratio (%)	3.01	3.25

* FY06 1H 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	79,143(19.5)	-	79,143(17.3)
Total	405,152(100.0)	53,125(100.0)	458,277(100.0)

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



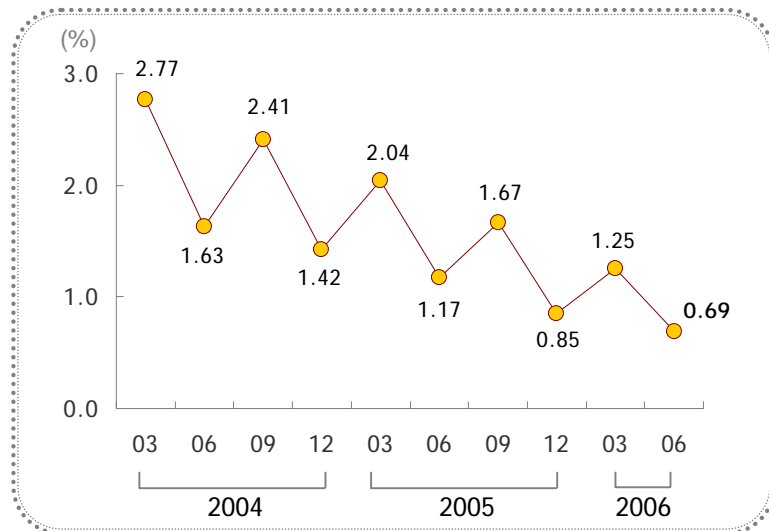
II. Major Areas of Interest

- 1. Corporate Loans Delinquency 15
- 2. Household Loans Delinquency 16
- 3. Credit Cards Delinquency 17

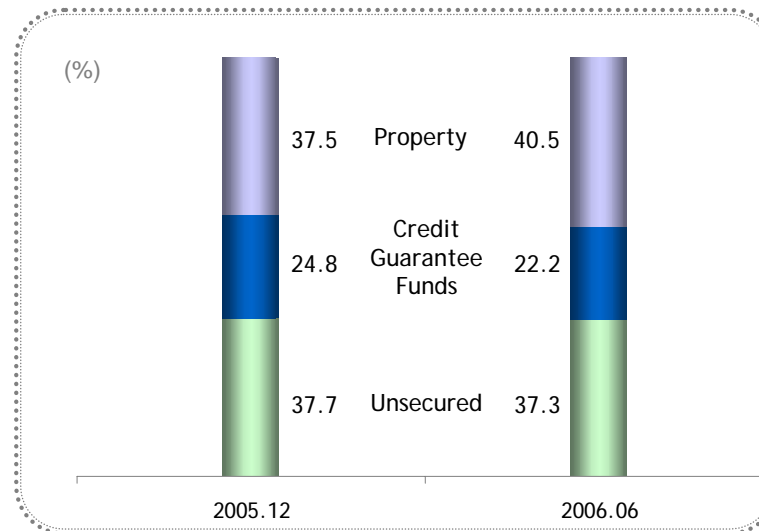


Corporate Loans Delinquency

Corporate Loans Delinquency Trend



SME Loans by Collateral Type



Delinquency Ratios

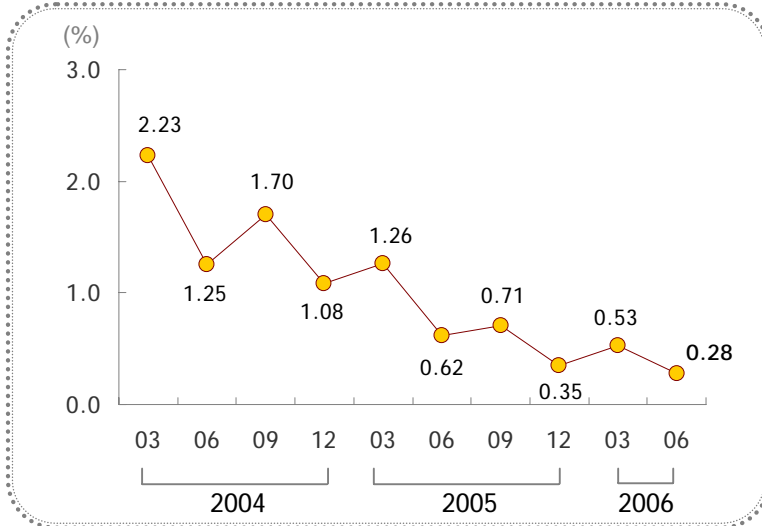
FY2004	FY2004				FY2005				FY2006	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Delinquency Ratios	2.77	1.63	2.41	1.42	2.04	1.17	1.67	0.85	1.25	0.69
(+Write-offs & NPL Sales)	(2.93)	(2.78)	(3.62)	(3.59)	(2.14)	(2.17)	(2.69)	(2.41)	(1.35)	(1.31)

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

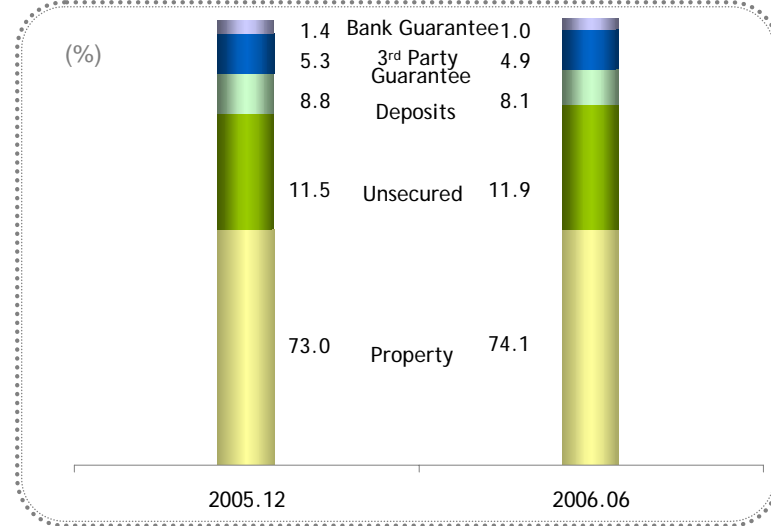


Household Loans Delinquency

Household Loans Delinquency Trend



Household Loans by Collateral Type



Delinquency Ratios

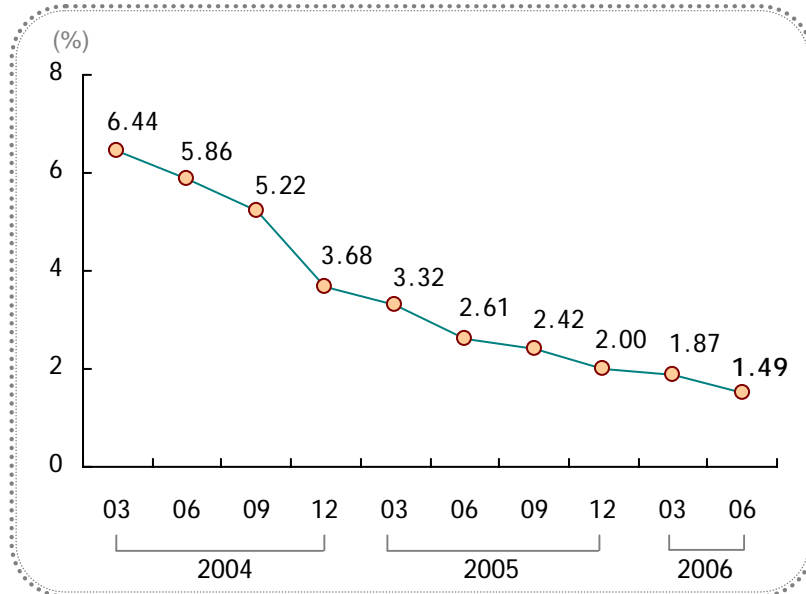
FY2004	FY2004				FY2005				FY2006	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Delinquency Ratios	2.23	1.25	1.70	1.08	1.26	0.62	0.71	0.35	0.53	0.28
(+Write-offs & NPL Sales)	(2.36)	(2.14)	(2.69)	(2.54)	(1.33)	(1.15)	(1.22)	(1.07)	(0.56)	(0.50)

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

* Credit card details on page 24

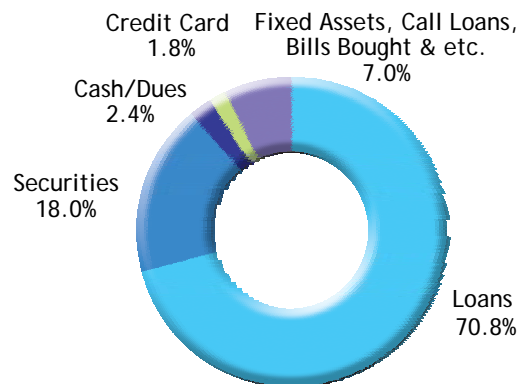
III. Appendix

1. Funding & Operations	19
2. Net Interest/Non-interest Income	20
3. SG&A Expenses & Non-operating Income	21
4. Loans by Industry	22
5. Household Loans	23
6. Credit Card	24
7. Asset Quality Breakdown	25
8. Provisioning	26
9. Share Price Indicators	27
10. SME Status	28

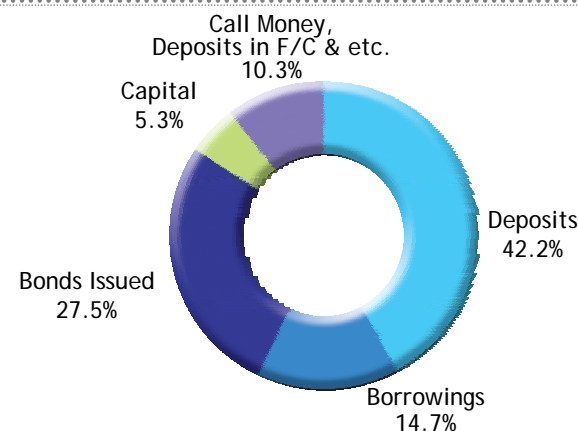


Funding & Operations

Operations



Funding



(KRW Billion)	FY2005	FY06 1H
Loans ¹⁾	60,948(71.3%)	69,202(70.8%)
Securities	15,069(17.6%)	17,570(18.0%)
Cash & Dues	2,282(2.7%)	2,344(2.4%)
Credit Cards (+Card Loans)	1,693(2.0%)	1,755(1.8%)
Fixed Assets, Call Loans, Bills Bought & etc.	5,527(6.4%)	6,838(7.0%)
Total	85,519(100.0%)	97,709(100.0%)

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

(KRW Billion)	FY2005	FY06 1H
Deposits in Won ¹⁾	43,302(50.6%)	41,231(42.2%)
Borrowings	13,548(15.8%)	14,374(14.7%)
Borrowings from BOK	1,987(2.3%)	2,132(2.2%)
Borrowings from Gov	8,792(10.3%)	9,404(9.6%)
Borrowings in F/C	2,770(3.2%)	2,838(2.9%)
Bonds Issued	16,818(19.7%)	26,913(27.5%)
SMIF Bonds	14,837(17.3%)	24,399(25.0%)
Capital	4,758(5.6%)	5,156(5.3%)
Call Money, Deposits in F/C & etc.	7,093(8.3%)	10,035(10.3%)
Total	85,519(100.0%)	97,709(100.0%)

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



Net Interest/Non-interest Income

(KRW Billion)	1H	FY2005	1Q	2Q	FY2006 1H	% Change (QoQ)	% Change (YoY)
Net Interest Income	1,098	2,318	581	611	1,192	5.1%	8.5%
Total Interest Income	2,120	4,479	1,212	1,338	2,551	10.4%	20.3%
Loans	1,616	3,376	921	1,021	1,942	10.8%	20.2%
Credit Card Receivables ¹⁾	183	366	90	92	182	1.2%	-0.5%
(Credit Purchase)	(115)	(238)	(63)	(66)	(129)	(3.6%)	(11.7%)
Securities	247	573	156	176	332	12.5%	34.6%
Other Loans, Dues & etc.	74	164	44	51	95	14.7%	27.9%
Total Interest Expenses	1,022	2,160	631	728	1,359	15.3%	33.0%
Deposits	543	1,093	251	266	516	6.0%	-4.9%
SMIF Bonds	479	1,067	381	462	843	21.4%	76.1%
Non-interest Income	102	217	67	68	135	1.2%	33.2%
Fee Income	160	345	94	106	199	13.0%	24.4%
Commission in Won	74	158	40	47	88	17.9%	18.5%
F/X Related Fee	42	87	22	25	46	13.9%	9.2%
Bancassurance Fee	26	56	17	18	35	3.5%	37.3%
Credit Card Fee	15	34	10	11	21	7.9%	37.3%
BC Sales Commission	3	9	5	5	10	13.3%	182.4%
Securities Related Gain	12	15	20	-2	18	-	56.0%
Others ²⁾	-70	-143	-47	-36	-82	-	-
Trust Income	26	46	6	2	9	-61.9%	-65.9%

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 1H	% Change (QoQ)	% Change (YoY)
	1H		1Q	2Q			
SG&A Expenses	470	975	233	273	507	17.1%	7.7%
Salaries	256	494	121	163	284	34.3%	11.1%
Administrative Cost	197	427	103	99	202	-4.1%	2.4%
(Depreciation)	(44)	(104)	(21)	(24)	(45)	(18.4%)	(3.2%)
Provision for Severance Pay	17	53	9	11	20	24.7%	17.0%
Non-operating Income	31	-43	80	-25	55	-	79.1%
Loan Sale	-12	-103	-	-21	-21	-	-
Investment Securities Related Income	44	43	99	14	113	-85.4%	156.2%
Equity Method Gain	6	13	9	9	18	-4.4%	198.3%
Gain/Loss from Valuation & trading	38	30	90	6	95	-93.5%	149.7%
Other Non-operating Income	-2	16	-19	-19	-37	-	-



Loans by Industry

(KRW Billion)	2005.12		2006.06			
	Amount	Share (%)	Amount	Change	Share (%)	YTD (%p)
Manufacturing	32,273	65.5	36,150	3,877	64.7	-0.8
Textile	2,566	5.2	2,510	-56	4.5	-0.7
Apparel & Leather	945	1.9	1,006	61	1.8	-0.1
Chemical Products	1,732	3.5	1,937	205	3.5	0.0
Rubber, Plastic Products	2,753	5.6	2,965	212	5.3	-0.3
Basic Metals	2,017	4.1	2,246	229	4.0	-0.1
Fabricated Metals	3,666	7.4	4,233	566	7.5	0.1
Other Machinery	4,801	9.7	6,037	1,236	10.8	1.1
Electrical Machinery	1,459	3.0	1,715	257	3.1	0.1
Communication Equipment	2,647	5.4	3,010	363	5.4	0.0
Automobiles	2,552	5.2	2,789	238	5.0	-0.2
Other Manufacturing	7,136	14.5	7,702	566	13.8	-0.7
Construction	2,653	5.4	3,632	980	6.5	1.1
Wholesale & Retail Trade	7,624	15.5	8,639	1,015	15.5	0.0
Lease & Rental Service	2,965	6.0	3,251	285	5.8	-0.2
Others ¹⁾	3,746	7.6	4,221	475	7.5	-0.1
Lodging & Dining	562	1.1	565	3	1.0	-0.1
Transportation	521	1.1	620	99	1.1	0.0
Other Services	2,663	5.4	3,036	373	5.4	0.0
Total	49,261	100.0	55,893	6,632	100.0	-

* 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 (YoY)
		1Q	2Q		
General Household Loans (A)	9,164	9,644	10,499	8.9%	14.6%
Home Equity Loans (B)	5,107	5,304	5,623	6.0%	10.1%
Housing Loans (C)	553	594	620	4.4%	12.3%
Total (D=A+C)	9,717	10,238	11,119	8.6%	14.4%
Housing-related Loan Ratio (B+C)/D	58.2%	57.6%	56.1%	-1.5%p	-2.1%p

* Excluding card loans

** LTV of weighted average home-equity loan as of June 2006 is 54.6%



Credit Card

(KRW Billion)							FY2006	
		1Q	2Q	3Q	4Q	FY2005	1Q	2Q
Credit Card Billings	Consumer	1,802	1,889	1,925	1,933	7,549	1,893	1,926
	Corporate	1,703	2,017	2,402	2,627	8,749	2,779	3,073
	Total	3,506	3,906	4,327	4,559	16,298	4,673	4,999
	Purchase	2,742	3,173	3,632	3,898	13,444	4,055	4,399
	Cash Advance	764	733	695	662	2,854	618	600
	Total	3,506	3,906	4,327	4,559	16,298	4,673	4,999
Card Receivables Balance	Purchase	1,017	1,078	1,152	1,207	-	1,180	1,316
	Cash Advance	376	346	320	303	-	290	285
	Card Loan	291	243	204	184	-	169	155
	Total	1,684	1,667	1,676	1,693	-	1,639	1,755
Interest on Receivables		91	92	91	92	366	90	92
Purchase		56	59	60	63	238	63	66
Cash Advance		25	24	23	22	94	21	20
Card Loan		10	9	8	7	34	7	6
Fee Income		7	9	9	10	34	10	11
Card Holders ('000)	Consumer	2,722	2,859	2,964	3,059	-	3,178	3,330
	Corporate	205	212	219	226	-	230	239
	Total	2,927	3,071	3,183	3,285	-	3,408	3,570



Asset Quality Breakdown

(KRW Billion)	Corporate		Household		Credit Cards	
	2005. 12	2006. 06	2005. 12	2006. 06	2005. 12	2006. 06
Normal	50,765	58,507	9,610	11,006	1,589	1,676
Precautionary	1,670	1,121	41	52	63	49
Substandard	466	359	42	39	0	-
Doubtful	82	69	14	11	30	22
Estimated Loss	97	87	10	10	11	9
Total	53,079	60,143	9,717	11,119	1,693	1,755
Substandard & Below	645	515	66	60	41	31
NPL Ratio (%)	1.21	0.86	0.68	0.54	2.43	1.76
Loan Loss Reserve	797	773	118	127	100	91



Provisioning

(KRW Billion)	FY2005						FY2006			
	1Q	2Q	3Q	4Q	Total	Account Balance	1Q	2Q	Total	Account Balance
Corporate	143	74	185	155	557	797	118	76	193	773
Provisions	143	74	185	110	512	752	119	71	190	725
Other Provisions (Unused Credit Line)	-	-	-	45	45	45	-1	5	3	48
Household	14	10	13	11	47	118	12	8	20	127
Provisions	14	10	13	4	41	111	11	8	19	119
Other Provisions (Unused Credit Line)	-	-	-	7	7	7	0	0	1	7
Credit Card	18	-2	15	36	67	100	5	7	12	91
Provisions	18	-2	15	7	38	66	6	5	11	55
Other Provisions (Unused Credit Line)	-	-	-	29	29	35	-1	2	1	36
Sub - total	175	83	213	202	672	1,015	134	91	225	990
Recoveries Related to ABS & Other Provisions	-7	-49	1	-112	-166	-	2	-56	-54	-
Total	168	34	213	90	506	1,015	136	35	171	990



Share Price Indicators

	FY2004	FY2005	FY2006 1H
Net Income (A)	KRW 370 bn	KRW 779bn	KRW 518bn
Net Asset ¹⁾ (B)	KRW 3,905 bn	KRW 4,758 bn	KRW 5,156 bn
Outstanding Shares ('000) (C)	458,277	458,277	458,277
Share Price	KRW 7,260	KRW 17,550	KRW 16,000
Market Capitalization	KRW 3.33tr	KRW 8.04tr	KRW 7.33tr
EPS (A/C)	KRW 808	KRW 1,699	KRW 2,259 ²⁾
PER	8.99x	10.33x	7.08x
BPS (B/C)	KRW 8,520	KRW 10,381	KRW 11,251
PBR	0.85x	1.69x	1.42x
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	86.7	50.8	51.7	42.2

+ Breakdown of GDP Growth

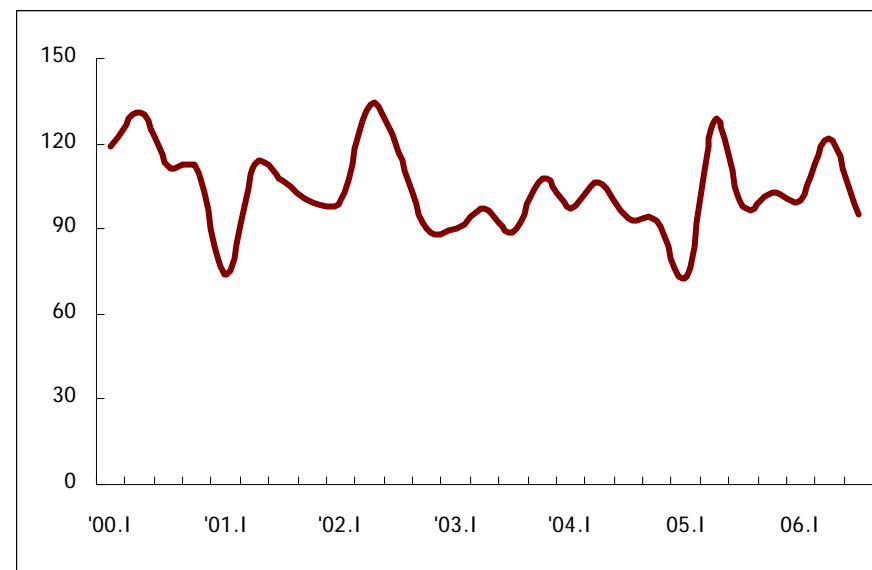
	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06
GDP(%)	5.4	5.7	4.7	3.3	2.7	3.2	4.5	5.3	6.1
Manufacturing	11.9	13.6	11.7	7.7	5.1	5.0	7.4	10.2	9.9
Service	2.2	2.3	1.9	1.3	2.2	2.5	3.4	3.9	4.3

+ Manufacturing Portion Among SMEs

(Unit: Thousand)

Manufacturing	333	11.3%
Construction	80	2.7%
Wholesale & Retail Trade	894	30.3%
Lodging & Dining	634	21.5%
Transportation	307	10.4%
Finance/Insurance	9	0.3%
Lease & Rental Service	91	3.1%
Business Service	77	2.6%
Education Service	91	3.1%
Health & Welfare	53	1.8%
Entertainment & Culture	115	3.9%
Other Services	260	8.8%
Total	2,950	100.0%

+ BSI for SME Manufacturers



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



Thank you

