



Financial Results

For First Quarter of 2007

The bank where “I”
come first, **IBK**

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.
- ❖ In accordance with the new accounting guideline provided by Korea Accounting Institute, gain/loss on valuation or disposal of securities and loan receivables have been classified into operating income from non-operating income and early retirement payments have been classified into SG&A expenses from non-operating expenses. For comparison, figures related to accounts mentioned above have been modified into new accounting guideline.
- ❖ 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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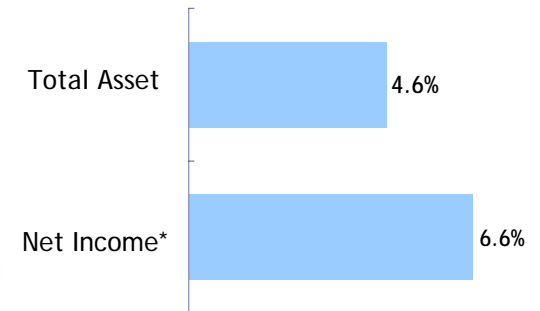
. Review of Operating Results for 1Q 2007

- ✓ Financial Highlights
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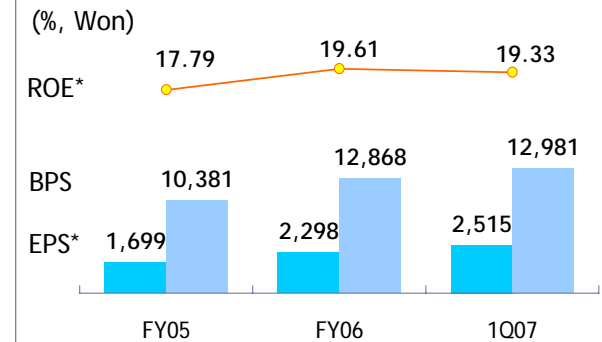
Financial Highlights

(W bn)	1Q 07	QoQ	4Q 06	YoY	1Q 06
Total Assets ¹⁾	110,989	4.6%	106,114	18.4%	93,729
Total Loans ²⁾	78,722	4.4%	75,499	21.1%	65,021
Total Deposits ³⁾	80,645	4.3%	77,344	25.5%	64,249
Net Income	524	97.2%	266	93.8%	271
(excl. LG card disposal)	(284)	(6.6%)	(266)	(4.8%)	(271)
Pre-provision Income	935	86.6%	501	83.4%	510
ROA (%)	2.00	0.90%p	1.10	0.74%p	1.26
ROE (%)	35.75	16.13%p	19.62	13.31%p	22.44
EPS (Won)	4,641	102.0%	2,298	93.8%	2,395
BPS (Won)	12,981	0.9%	12,869	21.7%	10,669
BIS CAR (%)	11.77(p)	0.07%p	11.70	0.70%p	11.07
Substandard & Below (%)	0.84	0.15%p	0.69	-0.44%p	1.28
NPL Coverage Ratio (%)	160.20	-18.66%p	178.86	46.54%p	113.66
Cost Income Ratio (%) ⁴⁾	23.06	-13.81%p	36.87	-10.28%p	33.34
NIM (%)	2.52	-0.14%p	2.66	-0.21%p	2.73

Improving Growth & Profitability



Increasing Shareholder Value



* Excluding LG Card share disposal gain

1) Total assets include KRW3.16tr 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 + RP + SMIF bonds + deposits in foreign currencies (excluding offshore FX deposits) + money trust

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

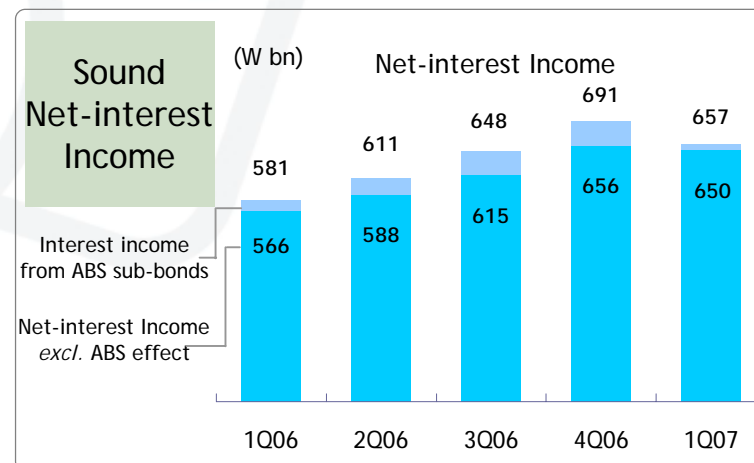
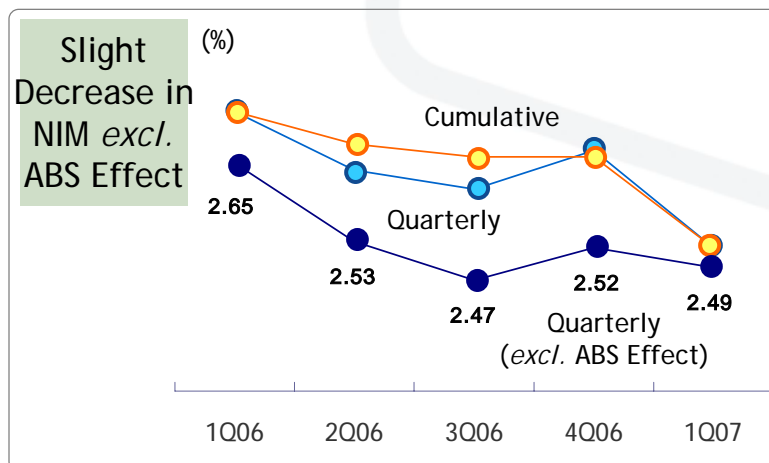
Income Statetment

(W bn)	1Q 07	QoQ	4Q 06	YoY	1Q 06
Net Interest Income	657	-4.8%	691	13.2%	581
Net Non-interest Income	536	707.1%	66	228.9%	163
SG&A Expense	275	-9.1%	303	10.8%	248
Pre-provisioning Operating Income	918	102.2%	454	85.3%	496
Net Provisioning	204	70.9%	119	50.1%	136
(Adjusted Net Provisioning*)	(203)	(9.5%)	(185)	(51.3%)	(134)
Operating Income	714	113.3%	335	98.6%	360
Non-operating Income	6	-73.7%	22	5.5%	6
Pre-tax Profit	720	101.8%	357	97.2%	365
Income Tax	196	115.1%	91	106.8%	95
Net Income	524	97.2%	266	93.8%	271

* Excluding recoveries related to ABS & other provisions

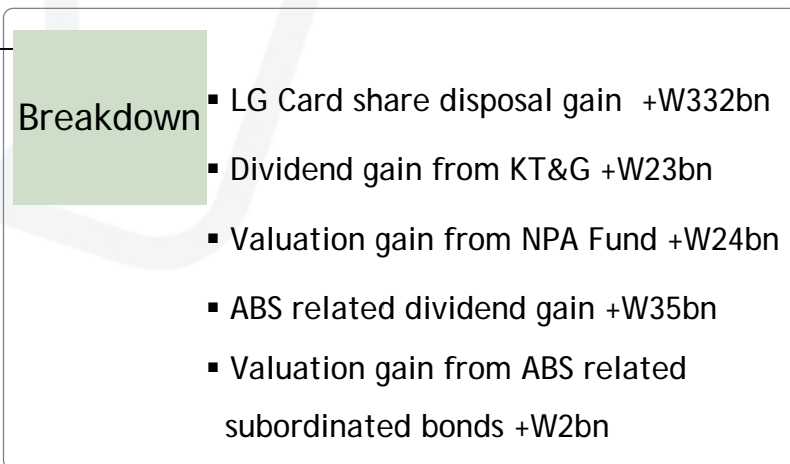
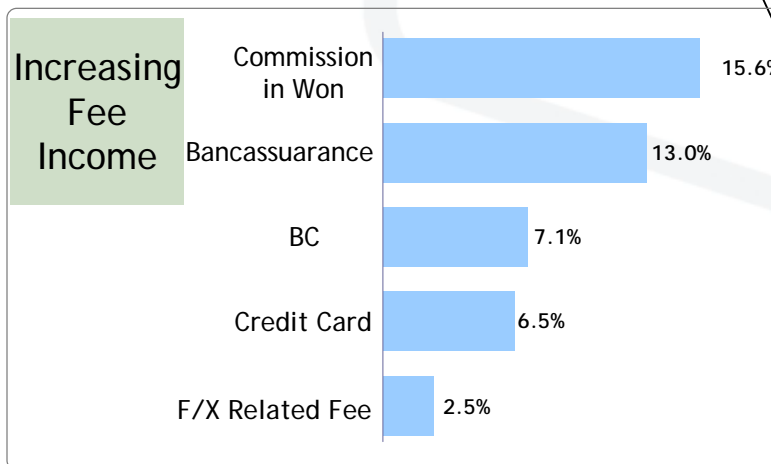
Net—interest Income

(W bn)	1Q 07	QoQ	4Q 06	YoY	1Q 06
Total Interest Income	1,552	0.1%	1,550	28.0%	1,212
Loans	1,205	1.7%	1,184	30.7%	921
Credit Card Receivables	103	6.4%	97	13.8%	90
(Credit Purchase)	(78)	10.1%	(71)	23.7%	(63)
Securities	192	-8.7%	211	22.9%	156
Other Loans, Dues & etc.	52	-10.9%	59	18.1%	44
Total Interest Expenses	894	4.1%	859	41.6%	631
Deposits	244	-0.7%	245	-2.8%	251
SMIF Bonds & etc.	651	6.0%	614	70.9%	381
Net-interest Income	657	-4.8%	691	13.2%	581



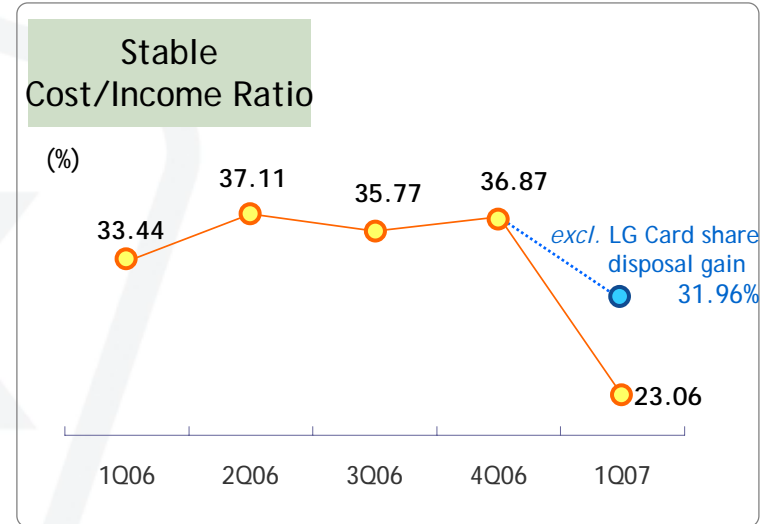
Net Non-interest Income

(W bn)	1Q 07	QoQ	4Q 06	YoY	1Q 06
Fee Income	109	10.4%	98	15.9%	94
Commission in Won	42	15.6%	37	5.2%	40
F/X Related Fee	25	2.5%	24	13.4%	22
Bancassurance Fee	23	13.0%	20	31.9%	17
Credit Card Fee	12	6.5%	11	13.9%	10
BC Sales Fee	8	7.1%	7	66.7%	5
Securities Related Gain	468	788.4%	53	325.9%	110
Others	-42	-	-96	-	-47
Trust Income	2	-84.6%	11	-73.4%	6
Net Non-interest Income	536	707.1%	66	228.9%	163



SG&A Expenses & Non-operating Income

(W bn)	1Q 07	QoQ	4Q 06	YoY	1Q 06
SG&A Expenses	275	-9.1%	303	10.8%	248
Salaries	133	3.1%	129	9.2%	121
Administrative Cost	132	-11.9%	149	11.3%	118
(Depreciation)	(22)	(-8.6%)	(24)	(7.8%)	(21)
Provision for Severance Pay	11	-56.0%	25	24.8%	9
Non-operating Income	6	-73.6%	22	5.5%	6
Equity Method Gain	12	38.5%	8	27.7%	9
Other Non-operating Income	-6	-	137	-	-4



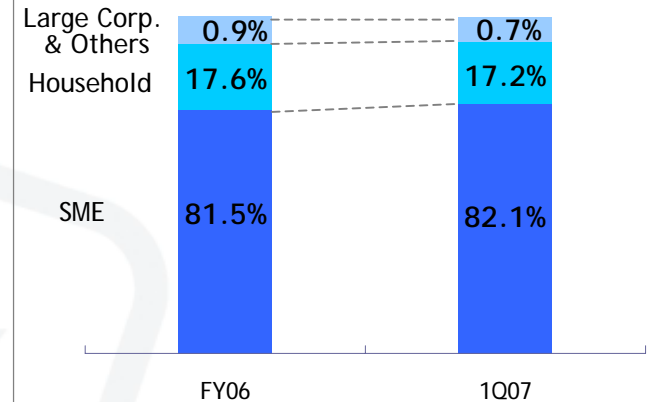
* Figures are based on the New Accounting Guideline

Loan Portfolio

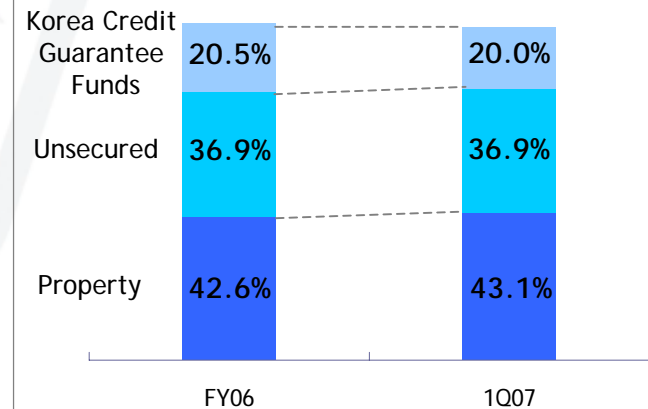
(W bn)	07. 03	QoQ	06. 12	YoY	06. 03
SME	62,723	5.2%	59,648	20.6%	52,007
Household	13,106	1.6%	12,898	25.9%	10,407
Large Corp.	254	-23.1%	330	-49.0%	497
Others	274	-1.7%	278	14.5%	239
Total	76,356	4.4%	73,154	20.9%	63,150

• Total loans in bank account (including both KRW and foreign currency) and household loans include card loans

Increased SME Loan Portion



Stable Collateral Status (SME Loans)



Deposit Structure

(W bn)	07. 03	QoQ	06. 12	YoY	06. 03
Demand Deposits	6,649	-2.1%	6,793	18.1%	5,630
Savings Deposits	20,890	-6.3%	22,305	-16.7%	25,087
Demand+Savings Deposits	27,539	-5.4%	29,098	-10.3%	30,717
CD, Paper Notes, RP	12,590	13.4%	11,099	18.0%	10,671
SMIF Bonds	33,386	11.3%	30,003	88.1%	17,749
Sub-Total	73,515	4.7%	70,200	24.3%	59,138
Trust ¹⁾	4,571	26.5%	3,615	69.0%	2,704
Total Deposits	78,086	5.8%	73,815	26.3%	61,842

• Based on monthly average balance of KRW denominated deposits.

1) Money trust (excluding beneficiary certificates)

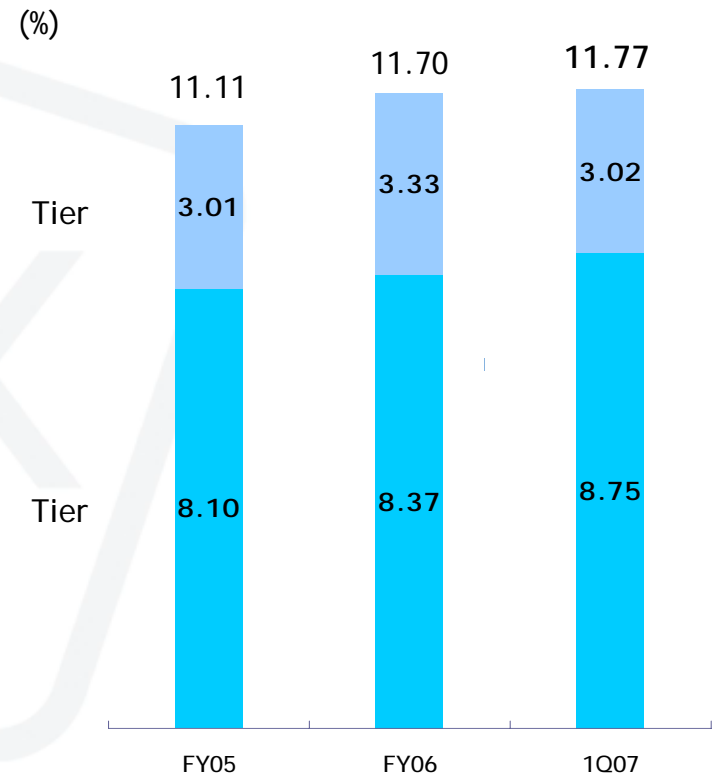
BIS Breakdown

(W bn)	07. 03	06. 12
Tier I	6,292	5,746
Paid-in Capital	2,291	2,291
Capital Surplus	7	7
Retained Earnings	3,311	3,032
Hybrid Capital	600	600
Minority Interest	113	103
Tier II	2,172	2,285
Reserve for Loan Losses	904	861
Others ¹⁾	163	262
Subordinated Debts	1,234	1,288
Total	8,463	8,031
Risk-weighted Assets	71,921	68,641
BIS CAR (%)	11.77(p)	11.70
Tier I Ratio (%)	8.75	8.37
Tier II Ratio (%)	3.02	3.33

• 07. 03 numbers are all preliminary figures

1) Valuation gain from hold to maturity and available for sale securities

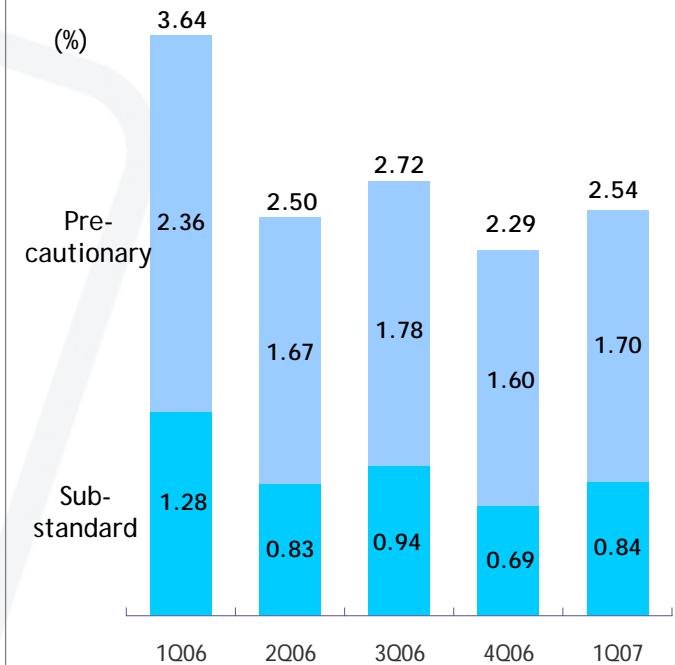
Improving BIS Car Ratio



Asset Quality

(W bn)	07. 03	QoQ	06. 12	YoY	06. 03
Normal	80,770	4.7%	77,173	23.7%	65,307
Precautionary	1,412	12.0%	1,261	-11.9%	1,603
Substandard	444	22.9%	361	-25.0%	592
Doubtful	87	-4.6%	91	-28.1%	121
Estimated Loss	163	80.6%	90	5.1%	155
Total	82,875	4.9%	78,976	22.3%	67,777
Substandard & Below	693	27.9%	542	-20.1%	868
Substandard & Below (%)	0.84%	0.15%p	0.69%	-0.44%p	1.28%
Loan Loss Reserve	1,263	14.2%	1,106	16.8%	1,081
NPL Coverage Ratio	160.20%	-18.66%p	178.86%	46.54%p	113.66%
Write-offs	57	-21.6%	72	-27.1%	78

Stable Precautionary & Below Ratio



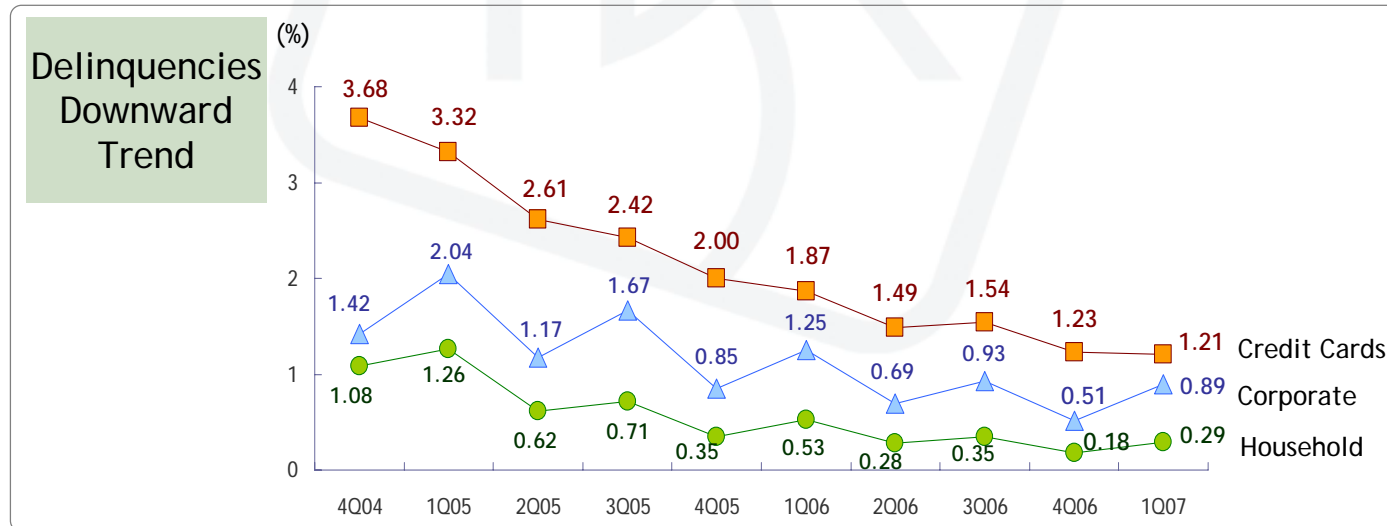
Provisioning

(W bn)	FY07		FY06					
	1Q	Balance	1Q	2Q	3Q	4Q	Total	Balance
Corporate	181	966	118	76	129	106	428	814
Provisions	168	894	119	71	123	100	414	754
Others (Unused Credit)	13	72	-1	5	6	6	14	59
Household	9	172	12	8	8	38	65	163
Provisions	9	164	11	8	7	38	65	156
Others (Unused Credit)	0	8	0	0	0	-0	1	7
Credit Card	13	125	5	7	9	42	63	129
Provisions	12	63	6	5	7	19	36	67
Others (Unused Credit)	1	62	-1	2	3	23	27	62
Sub-total	203*	1,263	134	91	146	185	556	1,106
Recoveries Related to ABS & Other Provisions	1	-	2	-56	2	-66	-118	-
Total	204	1,263	136	35	148	119	438	1,106

* Key breakdown : Increase in asset and unused credit +W33bn, strengthening CMS guideline +W11bn, accounting change related to credit card W4bn, increase in precautionary loans due to arrears of national taxes +W14bn

Delinquencies by Segment

(%)		4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Corporate	Reported	1.42	2.04	1.17	1.67	0.85	1.25	0.69	0.93	0.51	0.89
	Adjusted	3.59	2.14	2.17	2.69	2.41	1.35	1.31	1.54	1.44	0.95
Household	Reported	1.08	1.26	0.62	0.71	0.35	0.53	0.28	0.35	0.18	0.29
	Adjusted	2.54	1.33	1.15	1.22	1.07	0.56	0.50	0.56	0.45	0.31
Credit Card (+1 Month)		3.68	3.32	2.61	2.42	2.00	1.87	1.49	1.54	1.23	1.21



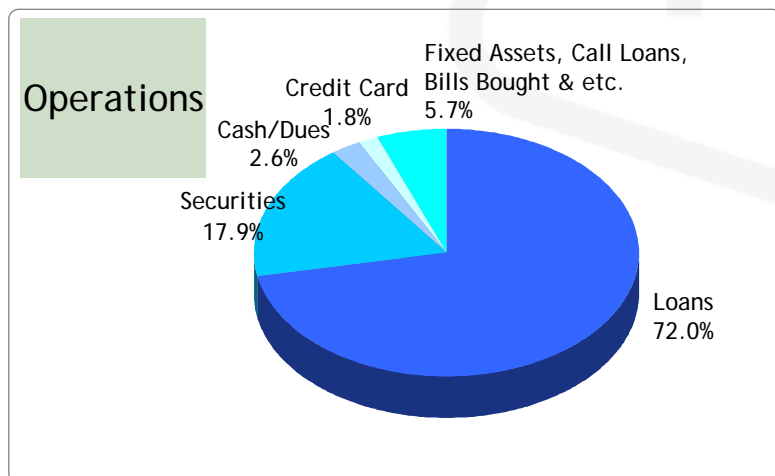
APPENDIX

- ✓ Funding & Operations
- ✓ Loans by Industry
- ✓ Household Loans

Funding & Operations

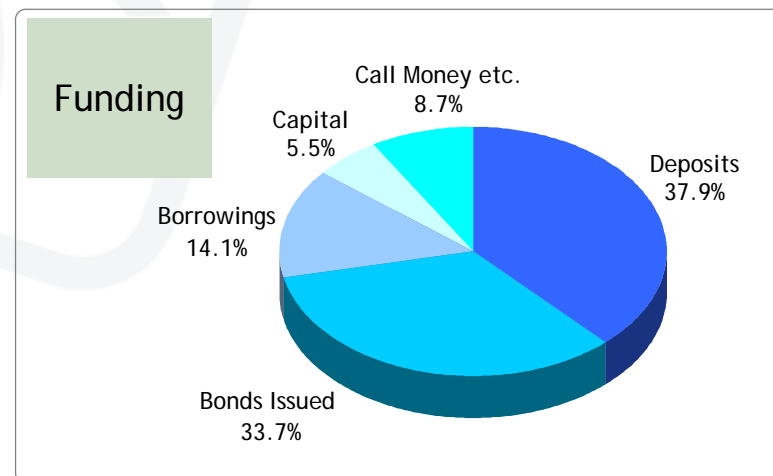
(W bn)	07. 03	06. 12
Loans ¹⁾	77,706(72.0%)	74,652(72.2%)
Securities	19,295(17.9%)	18,762(18.1%)
Cash & Dues	2,848(2.6%)	2,369(2.3%)
Credit Card (Card Loans)	1,979(1.8%)	2,114(2.0%)
Fixed Assets, Call Loans, Bills Bought & etc.	6,147(5.7%)	5,538(5.4%)
Total	107,974(100.0%)	103,435(100.0%)

1) Loans in KRW & F/C + inter-bank loans + advances for customers



(W bn)	07. 03	06. 12
Deposits ¹⁾	40,971(37.9%)	41,476(40.1%)
Bonds Issued	36,410(33.7%)	32,885(31.8%)
SMIF Bonds	33,872(31.4%)	30,816(29.8%)
(Sold Over Counter)	11,329(10.5%)	9,008(8.7%)
Borrowings	15,221(14.1%)	14,724(14.2%)
BOK Borrowings	2,225(2.1%)	2,226(2.2%)
Gov. Borrowings	10,103(9.4%)	9,945(9.6%)
F/C Borrowings	2,893(2.7%)	2,553(2.5%)
Capital	5,950(5.5%)	5,897(5.7%)
Call Money, F/C Deposits & etc.	9,423(8.7%)	8,454(8.2%)
Total	107,974(100.0%)	103,435(100.0%)

1) Deposits in KRW + CD + paper notes + RP



Loans by Industry

(W bn)	07. 03				06. 12	
	Amount	(YTD)	(%)	Change (%p)	Amount	(%)
Manufacturing	40,144	1,901	64.0	-0.1	38,243	64.1
Textile	2,417	1	3.9	-0.1	2,415	4.0
Apparel & Leather	1,086	36	1.7	-0.1	1,050	1.8
Chemical Products	2,138	55	3.4	-0.1	2,083	3.5
Rubber, Plastic Products	3,258	138	5.2	0.0	3,121	5.2
Basic Metals	2,447	138	3.9	0.0	2,309	3.9
Fabricated Metals	5,031	316	8.0	0.1	4,715	7.9
Other Machinery	6,957	377	11.1	0.1	6,580	11.0
Electrical Machinery	1,848	84	3.0	-0.1	1,764	3.1
Communication Equipment	3,269	149	5.2	0.0	3,120	5.2
Automobiles	3,138	151	5.0	0.0	2,987	5.0
Other Manufacturing	8,556	457	13.6	0.1	8,099	13.5
Construction	4,383	460	7.0	0.5	3,923	6.6
(Project Financing)	(1,056)	(-17)	(1.7)	(-0.1)	(1,073)	(1.8)
Wholesale & Retail Trade	9,718	446	15.5	0.0	9,272	15.5
Lease & Rental Service	3,769	176	6.0	0.0	3,593	6.0
Others	4,709	-113	7.5	-0.2	4,618	7.7
Lodging & Dining	619	28	1.0	0.0	591	1.1
Transportation	703	23	1.1	-0.1	680	1.2
Other Services ¹⁾	3,387	-164	5.4	-0.2	3,347	5.6
Total	62,723	28,71	100.0	0.0	59,648	100.0

• SME loans (including F/X loans)

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

Household Loans

(W bn)	07. 03	QoQ	06. 12	YoY	06. 03
General Household Loans (A)	12,169	1.7%	11,965	7.9%	9,644
Home Equity Loans ¹⁾ (B)	6,442	1.9%	6,321	6.9%	5,304
Housing Loans ²⁾ (C)	818	1.9%	803	18.1%	594
Total (D=A+C)	12,987	1.7%	12,768	8.5%	10,238
Housing-related Loan % (B+C)/D	55.9%	0.1%p	55.8%	-1.7%p	57.6%

- Excluding card loans
 - Weighted average home-equity loans and housing loans LTV as of December 2006 is 52.9%
- 1) Loans collateralized by borrowers' housing and not limited to mortgage related payments
- 2) Loans made for mortgage related payments



Thank you

The bank where “I”
come first, **IBK**