

1Q16 Earnings Release

Industrial Bank of Korea



Disclaimer

- Financial results contained herein have been prepared IAW K-IFRS unless noted otherwise.
- The operating results presented herein have not yet received a complete and full review by the external auditor and the Board of Directors, and 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 the Industrial Bank of Korea (“IBK”), which are not statements of historical facts but would be treated as forward-looking statements within the meaning of applicable laws. 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.
- Some of the totals may not sum due to the rounding.

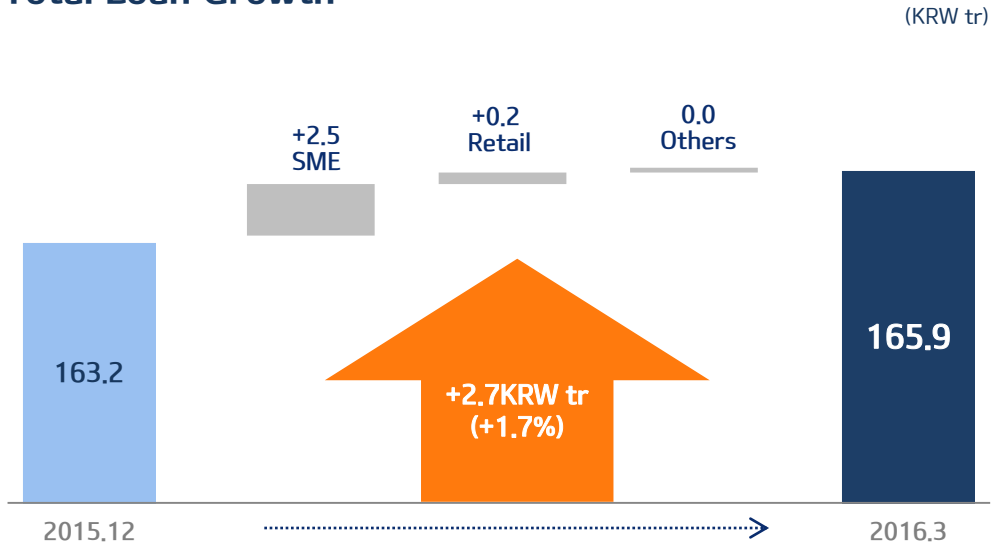
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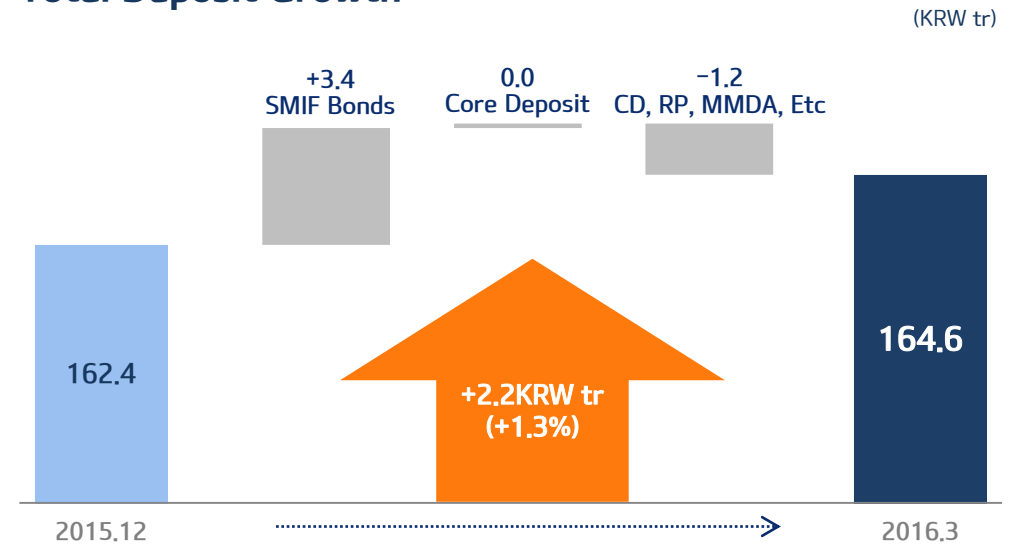
I Financial Highlights

Financial Highlights [Bank]

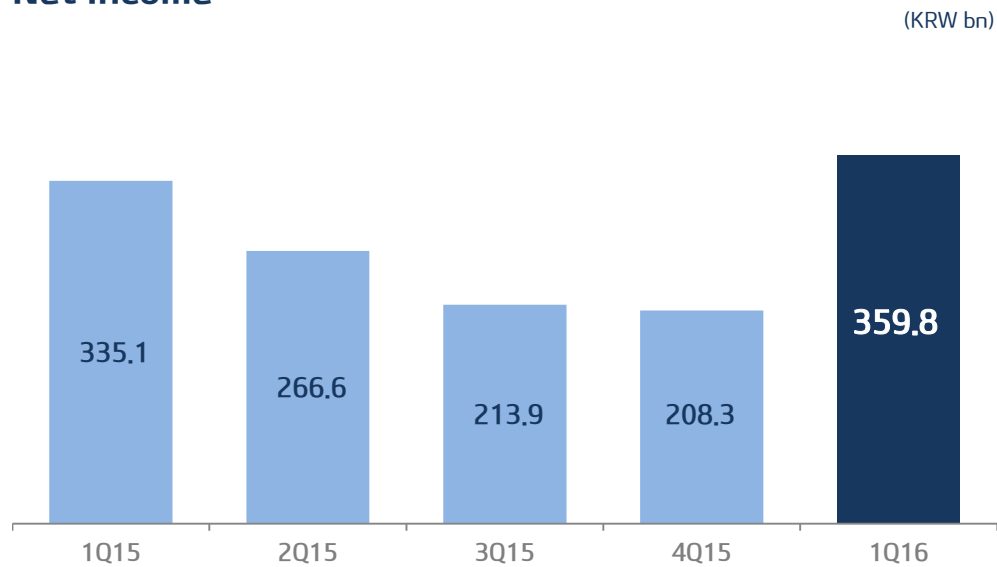
Total Loan Growth



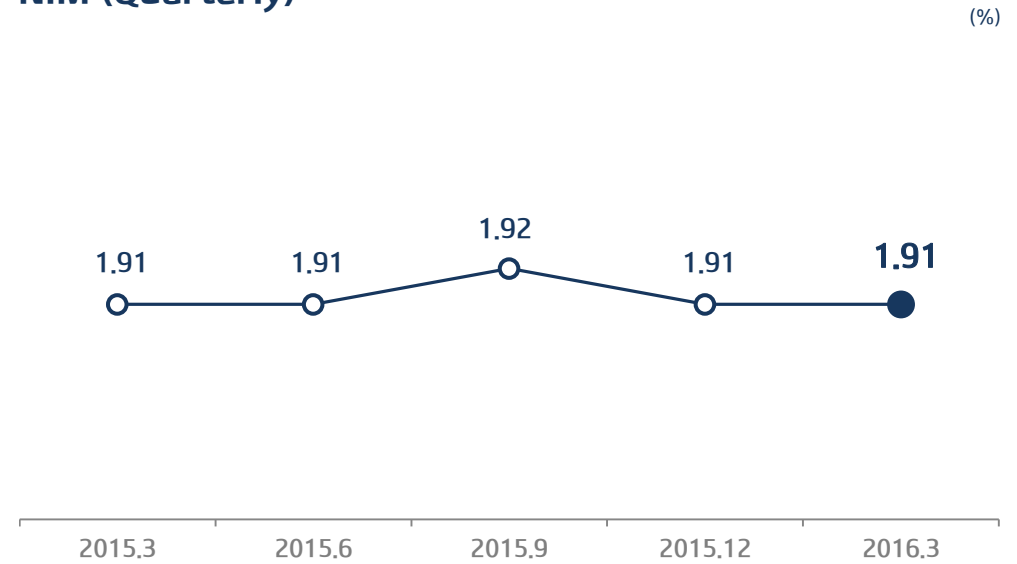
Total Deposit Growth



Net Income

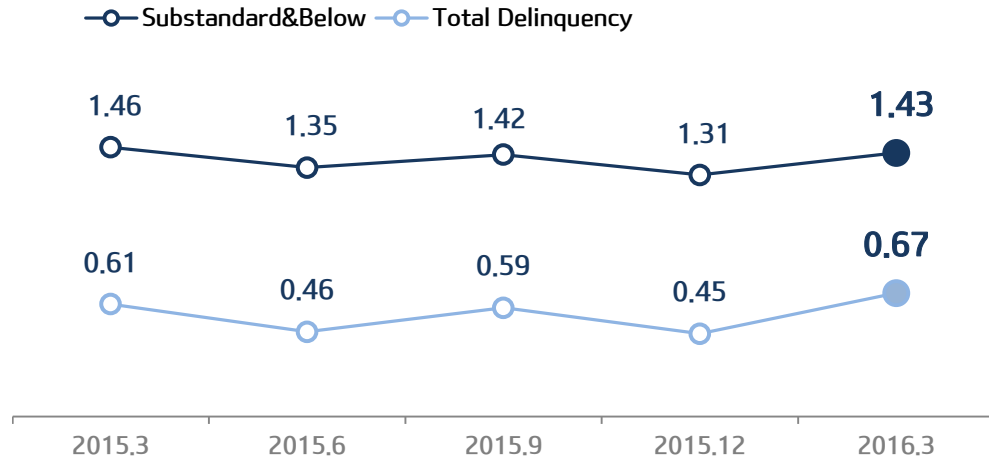


NIM (Quarterly)



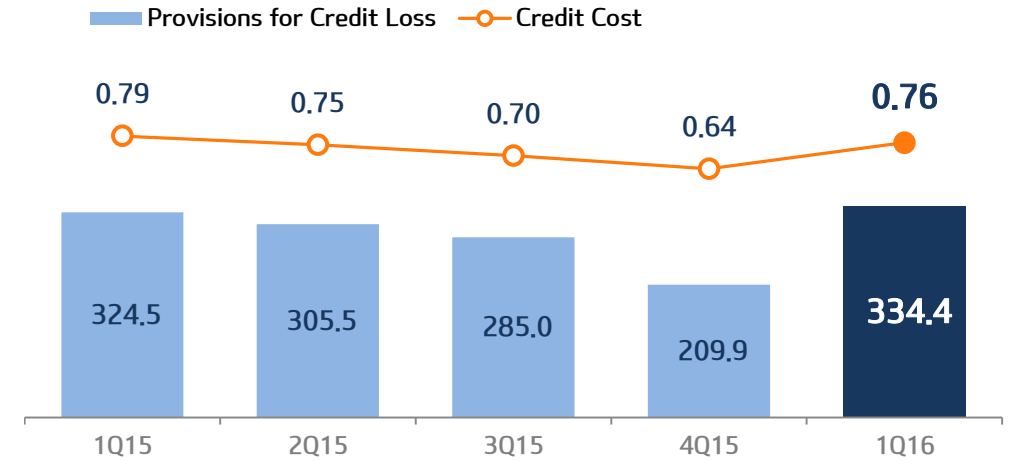
Substandard & Below · Total Delinquency

(%)



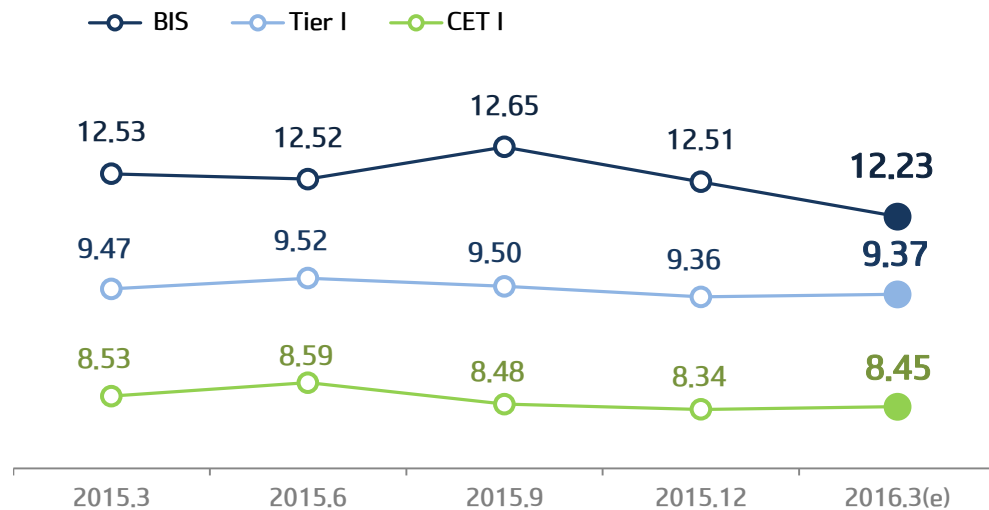
Provisions for Credit Loss · Credit Cost

(%, KRW bn)



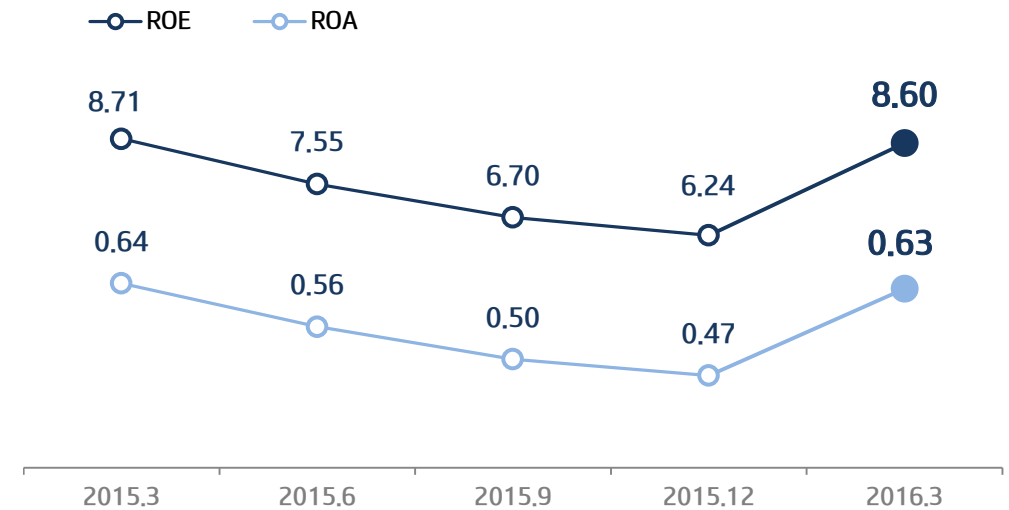
BIS CAR (Consolidated)

(%)



ROE · ROA

(%)



II Total Asset / Liability & Capital

Total Asset / Liability & Capital

Total Asset (Consolidated)

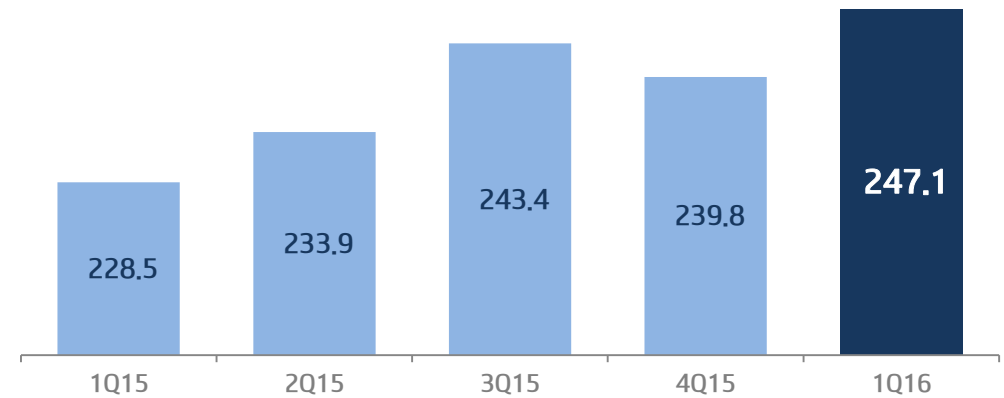
(KRW bn)	1Q16	4Q15	QoQ%	1Q15	YoY%
Bank¹⁾	232,338	225,961	2.8	215,526	7.8
Subsidiaried	18,971	17,982	5.5	17,157	10.6
IBK Capital	4,358	3,863	12.8	3,396	28.3
IBK Securities	4,662	4,232	10.2	5,071	-8.1
IBK Insurance	3,365	3,107	8.3	2,381	41.3
IBK Saving Bank	679	663	2.4	562	20.8
IBK China	3,112	3,337	-6.7	2,644	17.7
IBK AM	47	46	2.2	43	9.3
IBK System	46	56	-17.9	39	17.9
IBK Credit	23	22	4.5	20	15.0
SPC, Funds & Others	2,679	2,656	0.9	3,001	-10.7
Total Asset	251,309	243,943	3.0	232,683	8.0
Consolidated Total Asset²⁾	247,069	239,843	3.0	228,537	8.1

1) Excluding trust accounts, total asset including trust accounts(283.6 KRW tr)

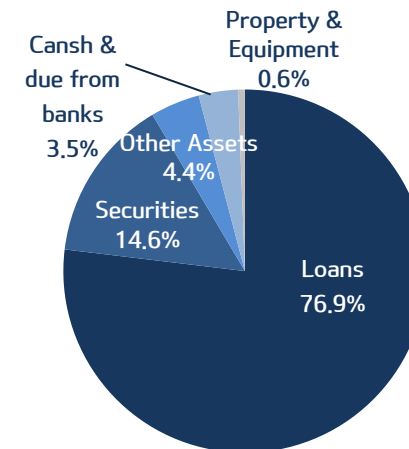
2) After adjustment

Total Asset (Consolidated)

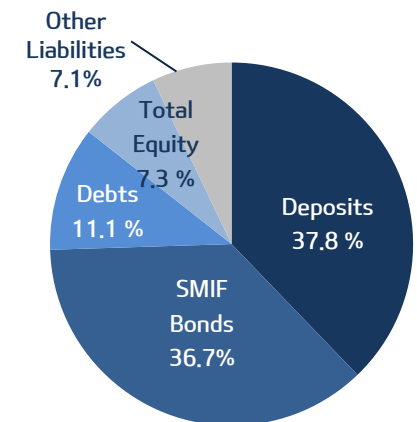
(KRW tr)



Asset (Bank)



Liability· Capital (Bank)



III Profitability

1. Income Statement [Consolidated]
2. Income Statement [Bank]
3. Interest Income [Bank]
4. Non-Interest Income & SG&A [Bank]

Income Statement [Consolidated]

Income Details

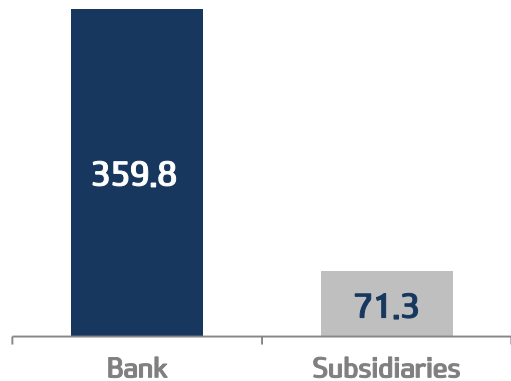
(KRW bn)	1Q16	4Q15	QoQ%	1Q15	YoY%
Bank	359.8	208.3	72.7	335.1	7.4
Subsidiaries	71.3	33.8	110.9	57.5	24.0
IBK Capital	17.9	4.5	297.8	13.9	28.8
IBK Securities	8.5	2.5	240.0	10.6	-19.8
IBK Insurance	7.6	4.7	61.7	2.5	204.0
IBK Savings Bank	4.0	4.2	-4.8	4.6	-13.0
IBK China	4.0	2.9	37.9	2.3	73.9
IBK AM & Others (3)	2.2	3.9	-43.6	1.4	57.1
SPC, Funds & Others	27.1	11.1	144.1	22.2	22.1
Adjustment	-53.4	-16.0	-	-22.5	-
Net Income	377.7	226.1	67.0	370.1	2.1
(N.I. attributable to Controlling interest)	376.7	224.8	67.6	367.8	2.4

Income Statement

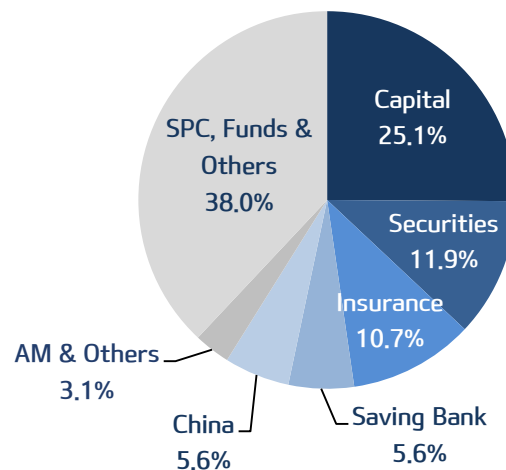
(KRW bn)	1Q16	4Q15	QoQ%	1Q15	YoY%
Interest Income	1,182.6	1,190.3	-0.6	1,118.7	5.7
Non-Interest Income	116.2	-86.6	-	160.9	-27.8
SG&A Expense	468.8	565.4	-17.1	450.5	4.1
Pre-Provisions	830.0	538.3	54.2	829.1	0.1
Operating Profit	830.0	538.3	54.2	829.1	0.1
Net Provisions	348.7	203.4	71.4	342.1	1.9
Operating Income	481.3	334.9	43.7	487.0	-1.2
Non-op. Income	-0.1	-36.0	-	3.5	-
Pre-tax Income	481.2	298.9	61.0	490.5	-1.9
Income Tax	103.5	72.8	42.2	120.4	-14.0
Net Income	377.7	226.1	67.0	370.1	2.1
(N.I. attributable to controlling Interest)	376.7	224.8	67.6	367.8	2.4

Income Comparison

(KRW bn)



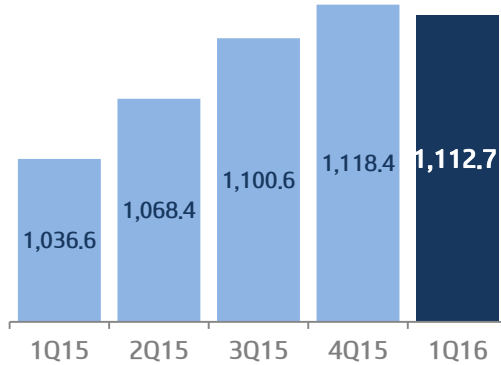
Subsidiary Composition



Income Statement [Bank]

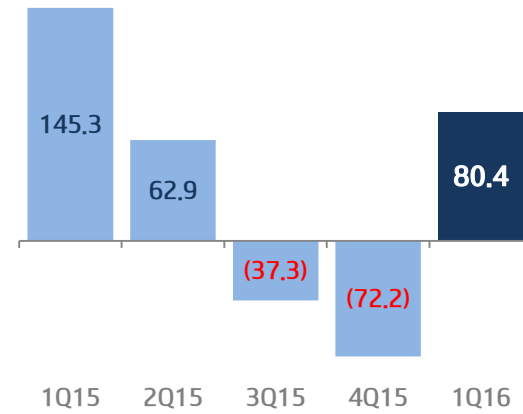
Interest Income

(KRW bn)



Non-Interest Income

(KRW bn)

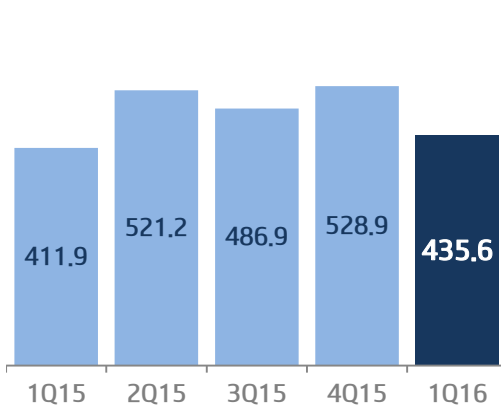


Income Statement

(KRW bn)	1Q16	4Q15	QoQ%	1Q15	YoY%
Interest Income	1,112.7	1,118.4	-0.5	1,036.6	7.3
Non-Interest Income	80.4	-72.2	-	145.3	-44.7
SG&A Expenses	435.6	528.9	-17.6	411.9	5.8
PPOP	757.5	517.3	46.4	770.0	-1.6
Net Provisions	334.8	205.8	62.7	328.6	1.9
Operating Income	422.7	311.5	35.7	441.4	-4.2
Non-op. Income	30.6	-35.7	-	1.4	2,085.7
Pre-tax Income	453.3	275.8	64.4	442.8	2.4
Income Tax	93.5	67.5	38.5	107.8	-13.3
Net Income	359.8	208.3	72.7	335.1	7.4

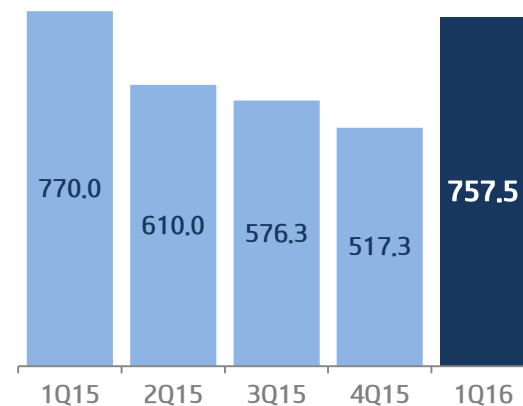
SG&A Expenses

(KRW bn)



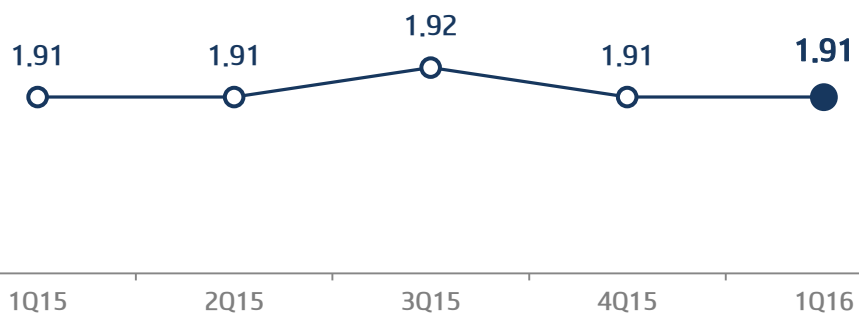
PPOP

(KRW bn)



NIM(Quarterly)

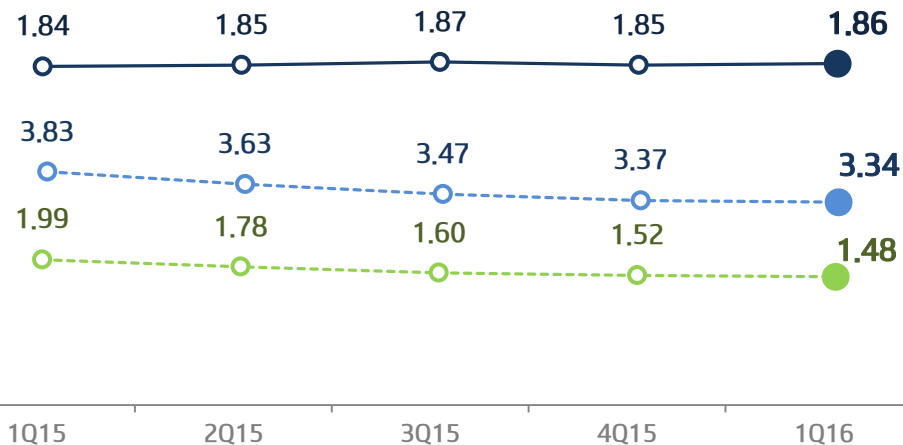
(%)



NIS(Quarterly)

(%)

—○— NIS - - -○- IEA - - -○- IBL



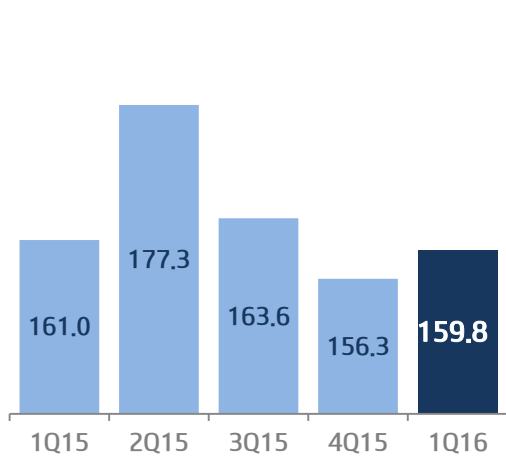
Interest Income

(KRW bn)	1Q16	4Q15	QoQ%	1Q15	YoY%
Interest Revenue	1,815.9	1,841.0	-1.4	1,908.5	-4.9
Loans	1,520.6	1,544.3	-1.5	1,595.8	-4.9
Credit Card Rec.	116.5	117.2	-0.6	112.2	3.8
(Credit Purchase)	106.6	108.0	-1.3	104.8	1.7
Securities	155.4	157.9	-1.6	182.9	-15.0
Others	23.4	21.6	8.3	17.6	33.0
Interest Expense	703.2	722.6	-2.7	871.9	-19.3
Deposits	190.9	205.1	-6.9	251.2	-24.0
SMIF Bonds & etc	512.3	517.5	-1.0	620.7	-17.5
Interest Income	1,112.7	1,118.4	-0.5	1,036.6	7.3

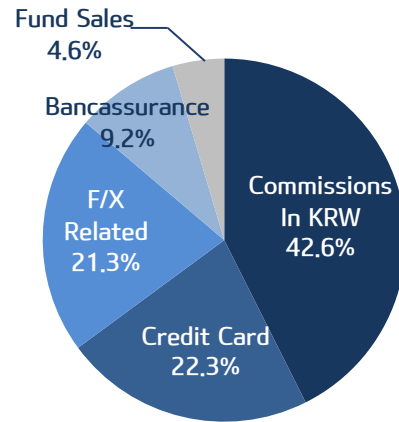
Non-Interest Income & SG&A [Bank]

Fee Income

(KRW bn)



Fee Income Composition



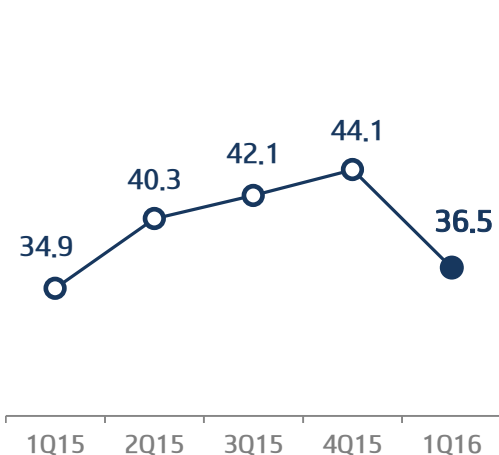
Non-Interest Income

(KRW bn)	1Q16	4Q15	QoQ%	1Q15	YoY%
Fee Income	159.8	156.3	2.2	161.0	-0.7
Commissions in KRW	68.0	61.4	10.7	61.8	10.0
F/X-Related Fees	34.1	36.6	-6.8	33.9	0.6
Bancassurance	14.7	13.9	5.8	18.4	-20.1
Credit Card	35.7	36.9	-3.3	38.7	-7.8
Fund Sales	7.3	7.5	-2.7	8.2	-11.0
Other Non-Int. Income	-79.4	-228.5	-	-15.7	-
Gain from Securities	81.8	42.5	92.5	94.6	-13.5
Gain/Loss on Disposal	14.2	-101.8	-	62.5	-77.3
Others ¹⁾	-188.9	-181.2	-	-186.2	-
Trust Income	13.5	12.0	12.5	13.4	0.7
Net Non-Int. Income	80.4	-72.2	-	145.3	-44.7

1) Contributions to Credit Guarantee Fund, Depository Insurance Premium, and Gains/Loss from F/X Transactions & Derivatives

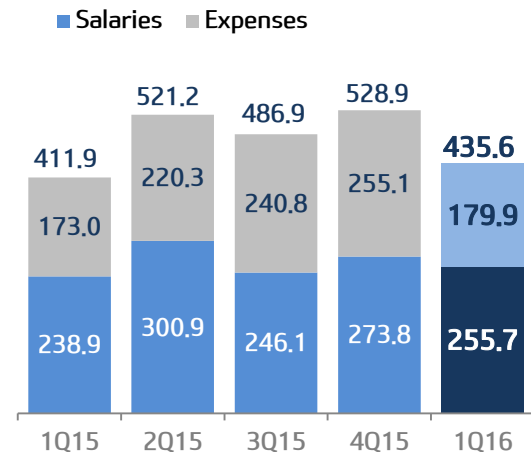
Cost to Income Ratio

(%)



SG&A Expenses Breakdown

(KRW bn)



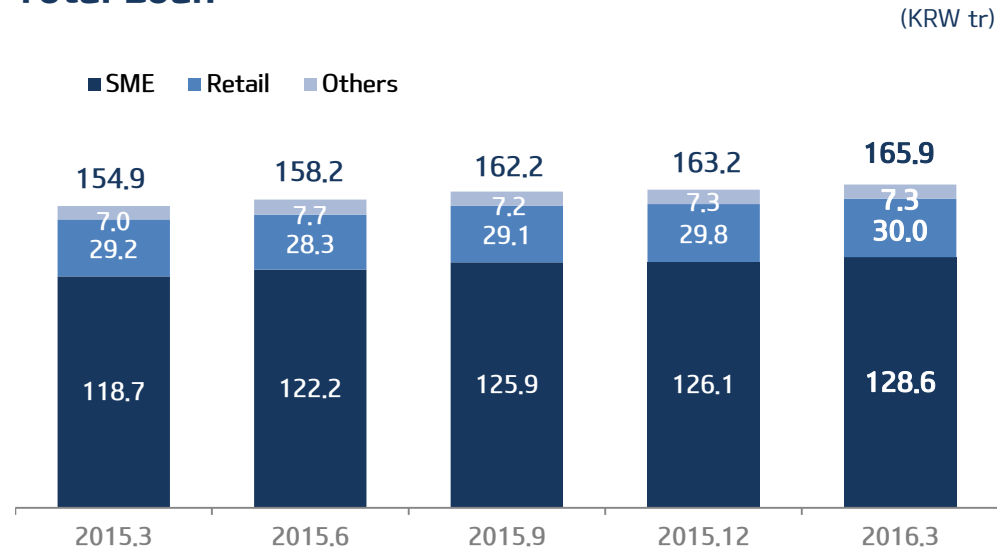
SG&A Expenses

(KRW bn)	1Q16	4Q15	QoQ%	1Q15	YoY%
SG&A Expenses	435.6	528.9	-17.6	411.9	5.8
Salaries	255.7	273.8	-6.6	238.9	7.0
Admin. Expenses	179.9	255.1	-29.5	173.0	4.0
Non-Op. Income	30.6	-35.7	-	1.4	2,085.7
Non-Op. Revenue	44.3	27.5	61.1	11.2	295.5
Non-Op. Expense	13.7	63.2	-78.3	9.8	39.8

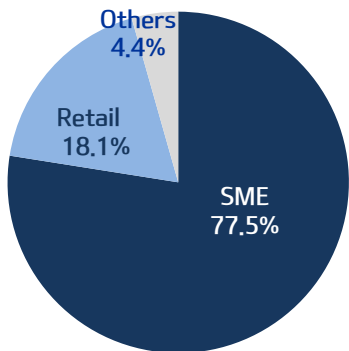
IV Loan · Deposit

1. Total Loan [Bank]
2. SME Loan [Bank]
3. Total Deposit [Bank]

Total Loan

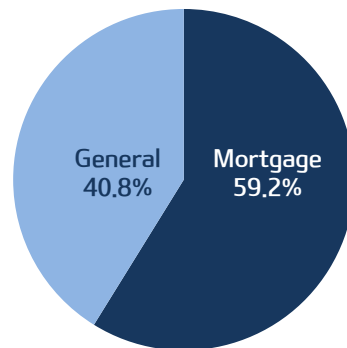


Loan Composition



▪ SME Loans (including Loans in FCY)

Retail Loan Composition



▪ Including Credit Card Loans(154.3bn)

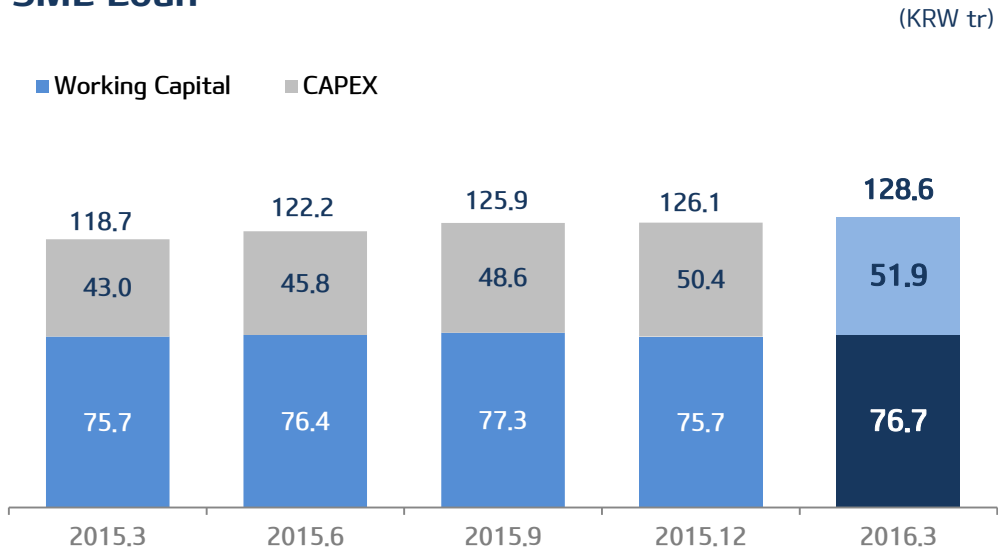
Total Loan

(KRW bn)	2016.3	2015.12	YTD%	2015.9	2015.6
SME	128,615	126,112	2.0	125,928	122,158
Working Capital	76,732	75,714	1.3	77,306	76,409
CAPEX	51,883	50,398	2.9	48,622	45,749
Retail	29,979	29,780	0.7	29,139	28,362
Mortgage	17,737 ¹⁾	17,518	1.3	17,140	16,501
General	12,242 ²⁾	12,262	-0.2	11,999	11,861
Others	7,294	7,302	-0.1	7,152	7,665
Total	165,888	163,194	1.7	162,219	158,185

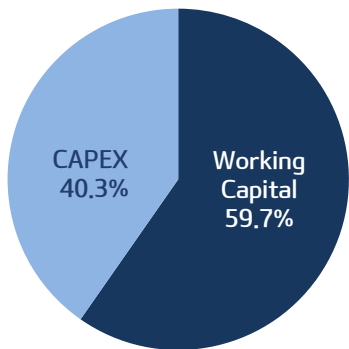
1) Untransferred Balance included (U-KHFC Loan: 100.9bn, Conforming Loan: 1.2bn)

2) 154.3bn of Credit Card Loans included

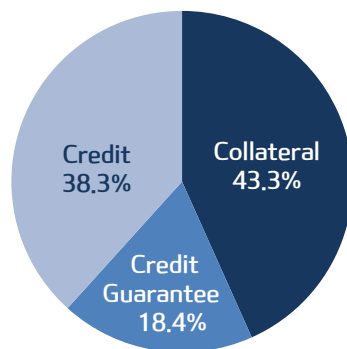
SME Loan



SME Loan by Purpose



SME Loan by Collateral



▪ SME Loans (including Loans in FCY)

▪ SME Loans (including Loans in FCY)

SME Loan by Industry

(KRW bn)	2016.3				2015.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
Manufacturing	80,204	62.4	1,365	-0.1	78,839	62.5
Wholesale & Retail	19,783	15.4	314	0.0	19,469	15.4
Real Estate Lease & Rental	9,393	7.3	-17	-0.2	9,410	7.5
Construction	4,660	3.6	308	0.1	4,352	3.5
Lodging & Dining	1,346	1.1	22	0.1	1,324	1.0
Others	13,229	10.2	511	0.1	12,718	10.1
Total	128,615	100.0	2,503	-	126,112	100.0

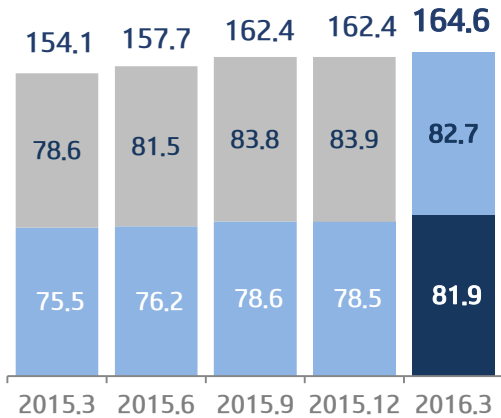
▪ SME Loans (including Loans in FCY)

Total Deposit [Bank]

Total Deposit

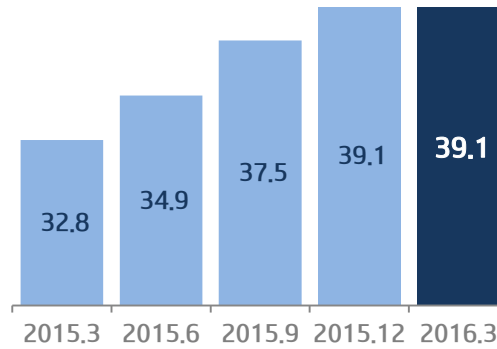
(KRW tr)

■ SMIF ■ Deposit(Total Deposit-SMIF)



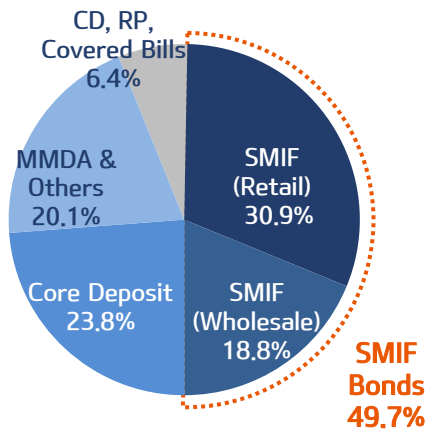
Core Deposit

(KRW tr)



Deposit Composition

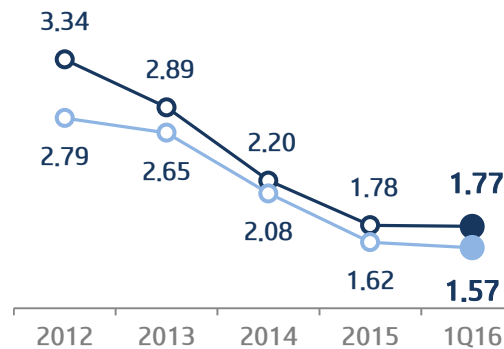
(KRW tr)



SMIF Bond Yields

(%)

○ Retail ○ Wholesale



- Based on SMIF Bond with 1 year maturity
- 4Q's Average Yields used for 2012~2015

Total Deposit

(KRW bn)	2016.3	2015.12	YTD%	2015.9	2015.6
Deposit	72,234	71,418	1.1	70,033	67,793
Core Deposit ¹⁾	39,127	39,133	-	37,474	34,889
MMDA	10,191	7,063	44.3	7,063	7,194
Others	22,916	25,222	-9.1	25,496	25,710
CD, Covered Bill, RP	10,476	12,578	-16.7	13,778	13,717
SMIF Bond	81,857	78,453	4.3	78,621	76,201
(Retail-funded)	50,909	48,353	5.3	48,254	47,257
(Wholesale-funded)	30,948	30,100	2.8	30,367	28,944
Sub Total	164,567	162,449	1.3	162,432	157,710
Trust ²⁾	15,349	14,147	8.5	13,694	12,543
Total Deposit	179,916	176,596	1.9	176,126	170,254

▪ Monthly average B/S balance

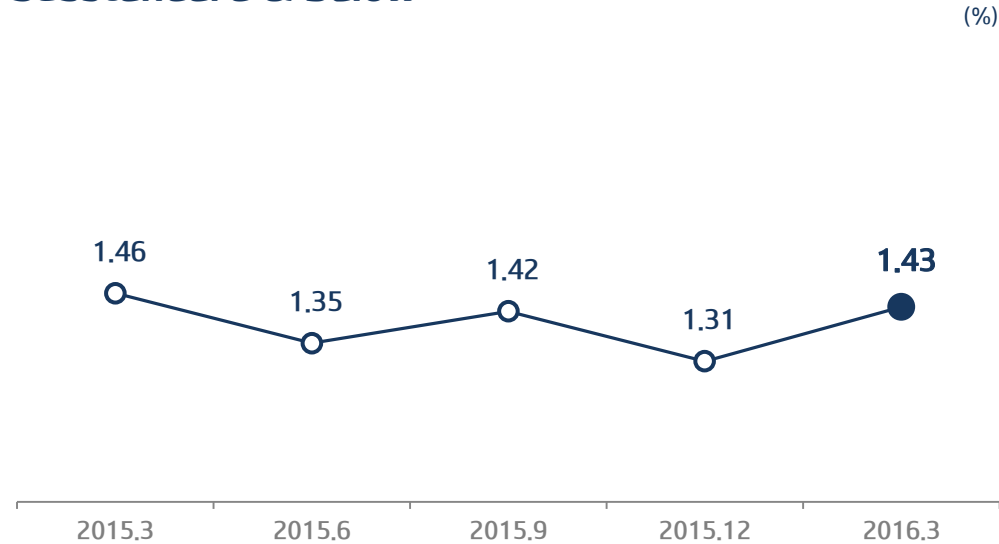
1) Core Deposit: Corp. Free Savings + Savings Deposit + Demand Deposit(excluding MMDA)

2) Money Trust (excluding fund sales)

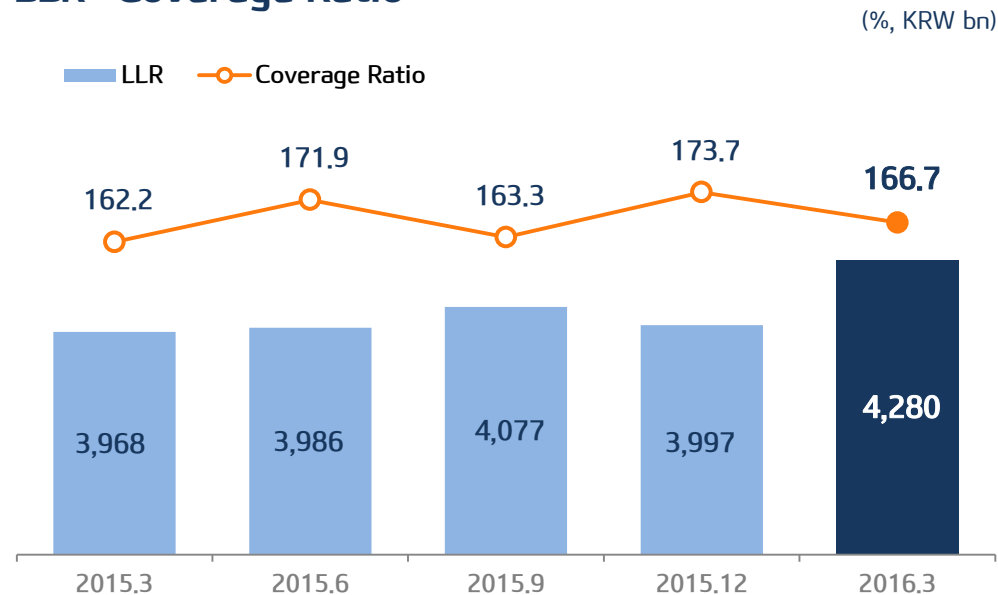
V Asset Quality

1. Asset Quality [Bank]
2. Delinquency [Bank]
3. Provisions for Credit Loss [Bank]

Substandard & Below



LLR - Coverage Ratio



Substandard & Below

(KRW bn)	2016.3	2015.12	QoQ%	2015.9	2015.6
Total Loan¹⁾	178,950	176,224	1.5	175,955	171,334
Normal	173,433	171,134	1.3	170,529	166,208
Precautionary	2,950	2,789	5.8	2,929	2,807
Sub. & Below	2,567	2,301	11.6	2,497	2,319
<i>Substandard</i>	1,672	1,638	2.1	1,868	1,769
<i>Doubtful</i>	272	248	9.7	133	102
<i>Est. Loss</i>	623	415	50.1	496	448
Sub. & Below Ratio	1.43%	1.31%	0.12%p	1.42%	1.35%
Loan Loss Reserves	4,280 ²⁾	3,997	7.1	4,077	3,986
Coverage Ratio	166.7%	173.7%	-7.00%p	163.3%	171.9%
Write-offs (Quarterly)	138.1	216.3	-36.2	170.7	248.2

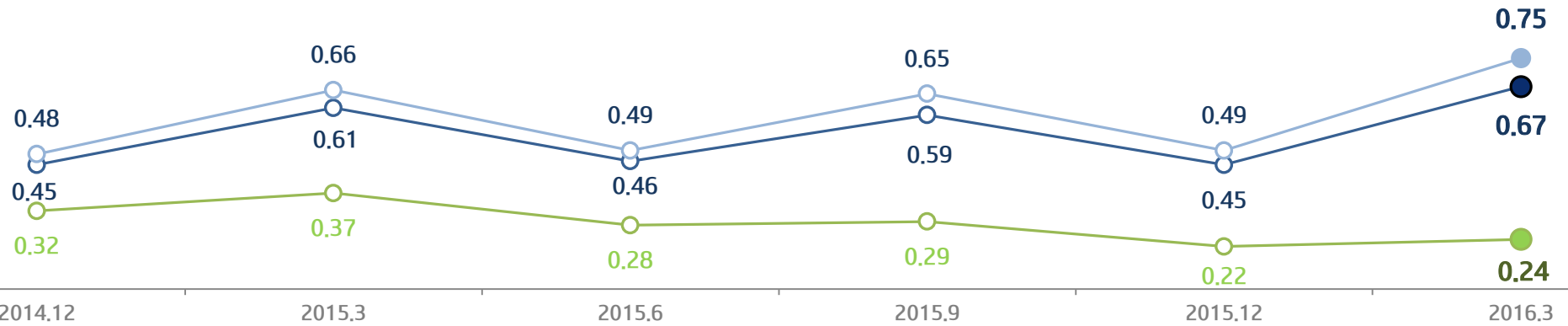
1) Total Credit

2) KRW 1,986.5bn of Reserve for Credit Loss included

Delinquency by Operation

(%)

—○— Total Delinquency —○— Corporate —○— Retail



▪ Principal or Interest of +30 days past due

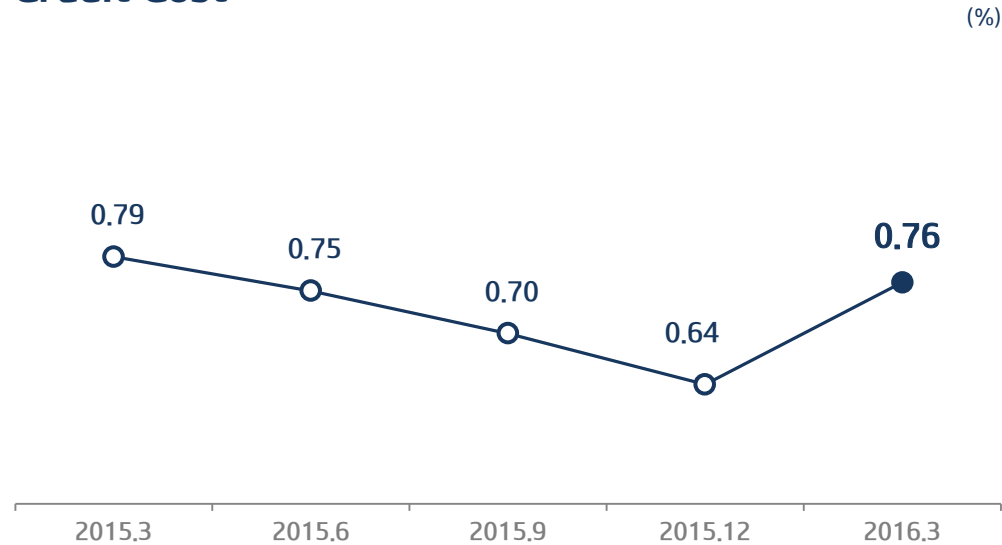
Delinquency by Industry

(%)	2014.12	2015.3	2015.6	2015.9	2015.12	2016.3
Manufacturing	0.42	0.58	0.47	0.66	0.43	0.73
Construction	0.89	1.24	0.73	1.18	0.83	0.97
Real Estate Lease & Rental	0.36	0.36	0.17	0.22	0.19	0.25
Wholesale & Retail	0.55	0.87	0.59	0.62	0.39	0.63
Lodging & Dining	0.62	0.87	0.38	0.33	0.76	0.92

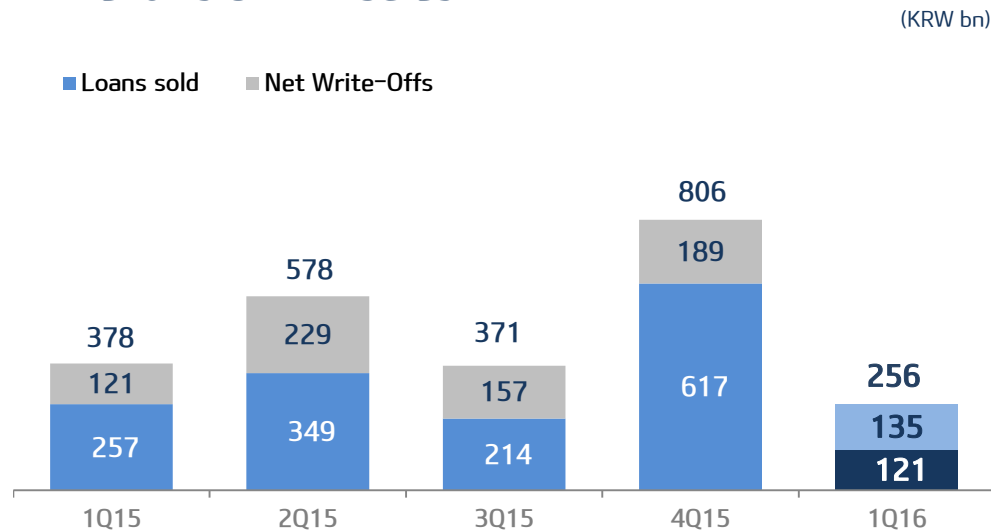
▪ Principal or Interest of +30 days past due

Provisions for Credit Loss [Bank]

Credit Cost



Write-offs & NPL Sales



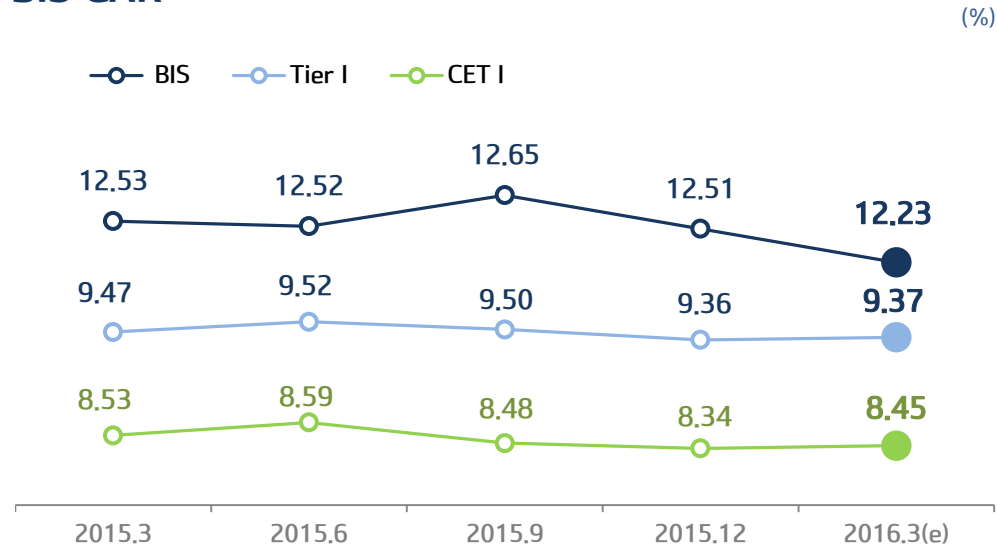
Provisions for Credit Loss

(KRW bn)	1Q16	4Q15	3Q15	2Q15	1Q15
Corporate	307.9	196.6	255.1	285.1	299.3
Provisions	316.7	189.6	249.5	286.0	305.5
Unused Credit Line	-8.8	7.0	5.6	-0.9	-6.2
Retail	10.1	8.8	9.1	7.9	10.4
Provisions	10.1	8.8	9.0	7.9	10.3
Unused Credit Line	0.0	0.0	0.1	0.0	0.1
Credit Card	16.4	4.5	20.8	12.5	14.8
Provisions	16.2	3.0	20.9	12.7	13.9
Unused Credit Line	0.2	1.5	-0.1	-0.2	0.9
Sub Total	334.4	209.9	285.0	305.5	324.5

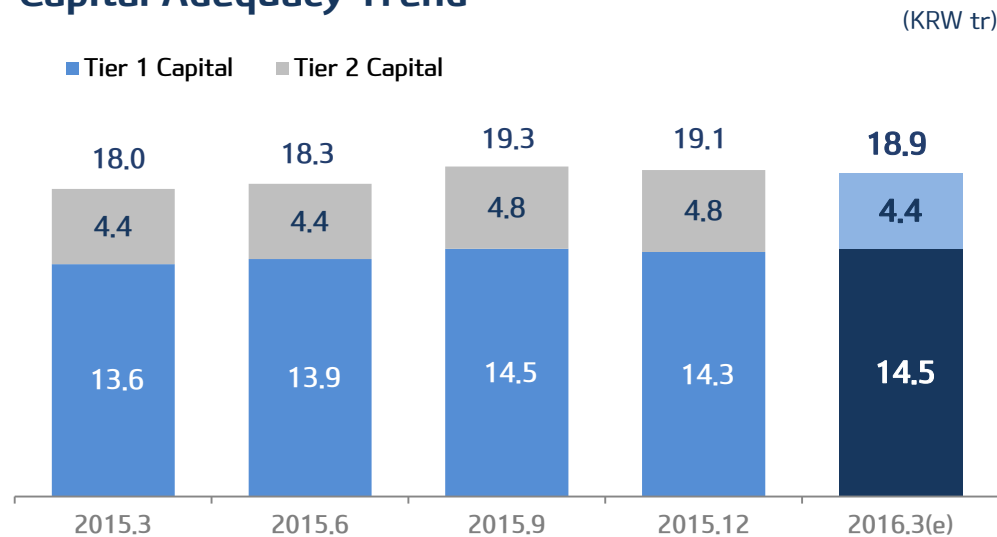
VI Capital Adequacy

Capital Adequacy [Consolidated]

BIS CAR



Capital Adequacy Trend



Capital Adequacy & BIS CAR

(KRW bn,%)	2016.3(e)	2015.12	2014.12
Tier I	14,488	14,336	12,899
Common Equity Tier I	13,067	12,773	11,799
Common Shares Issued	2,800	2,782	2,766
Stock Surplus	552	531	508
Retained Earnings	11,276	10,946	10,183
Accum. Other Comprehensive Income	760	731	530
Additional Tier I	1,421	1,563	1,100
Tier II	4,433	4,827	4,913
Subordinated Bonds	3,497	3,880	3,862
Provision in excess of Exp. Loss	749	743	597
LLR	187	204	454
Total	18,921	19,163	17,812
Risk-weighted Assets	154,665	153,135	143,799
BIS Ratio	12.23	12.51	12.39
Tier I	9.37	9.36	8.97
CET I ¹⁾	8.45	8.34	8.21
Tier II	2.86	3.15	3.42

1) Common Equity Tier I

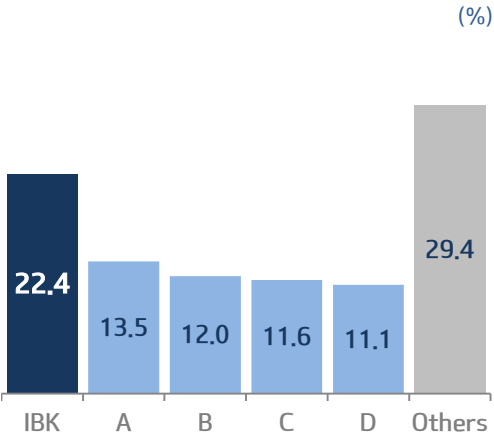


VII Appendix

- SME Loan & SMIF Bond Details

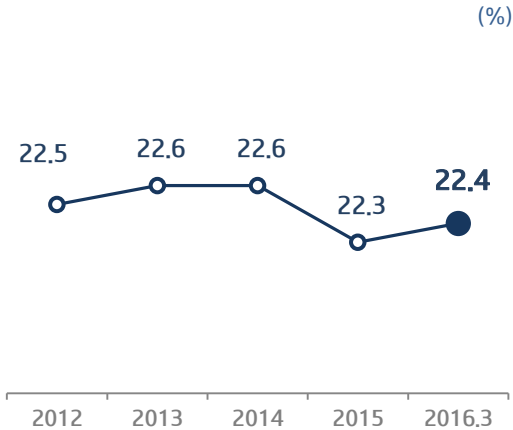
SME

Market Share by Banks (%)



- BOK reported standard
- 1Q16 SME Loans balance by banks

IBK M/S Trend (%)

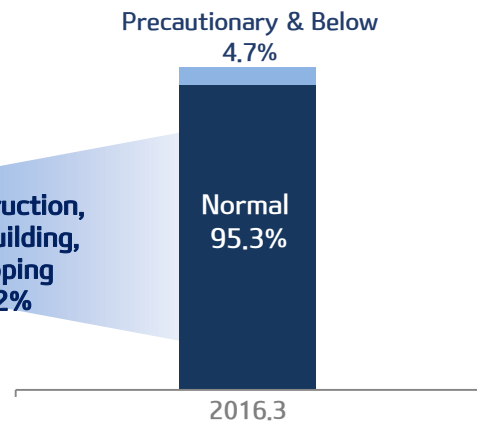


- BOK reported standard

Construction, Shipbuilding, Shipping

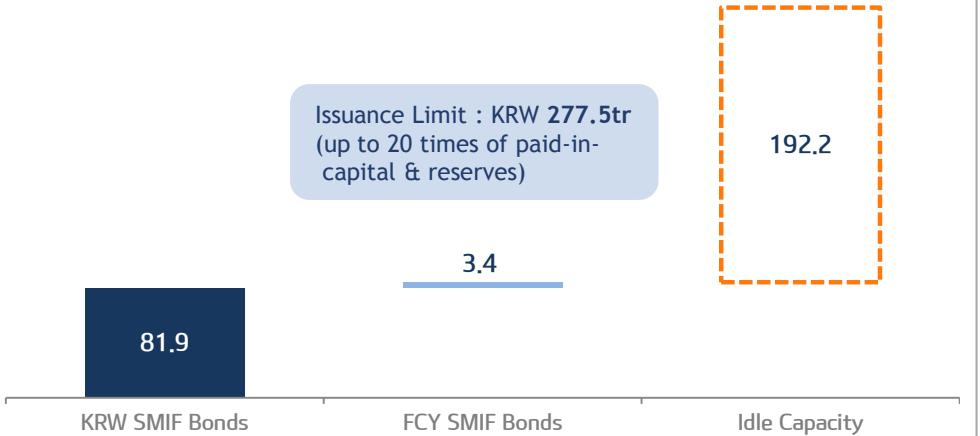


Asset Quality Breakdown



SMIF Bond

SMIF Bond Balance & Issuance Limit (KRW tr)



- Outstanding balance at the end of March(KRW)

SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	63.7	8.7	2.2	1.3	5.9	81.8
%	77.9%	10.6%	2.7%	1.5%	7.3%	100.0%

- Monthly average B/S balance(KRW)