



1Q17

# Earnings Release

Industrial Bank of Korea





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- 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.
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- Some of the totals may not sum due to the rounding.



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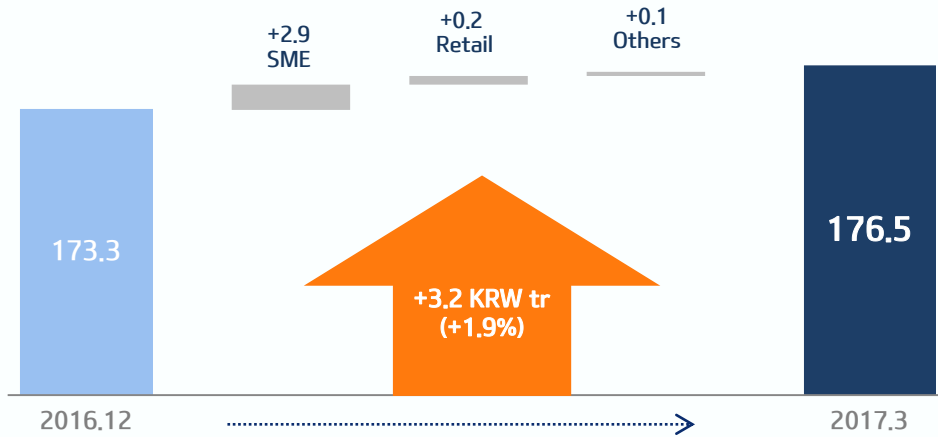
# 01 Financial Highlights

# Financial Highlights [Bank]



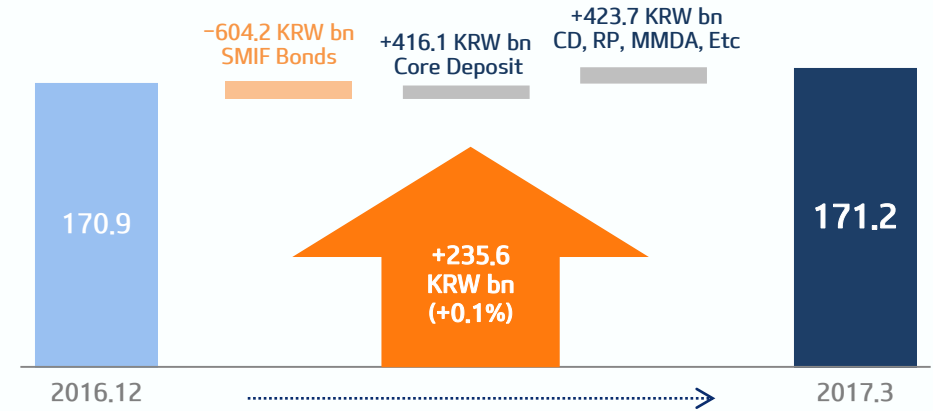
## Total Loan Growth

(KRW tr)



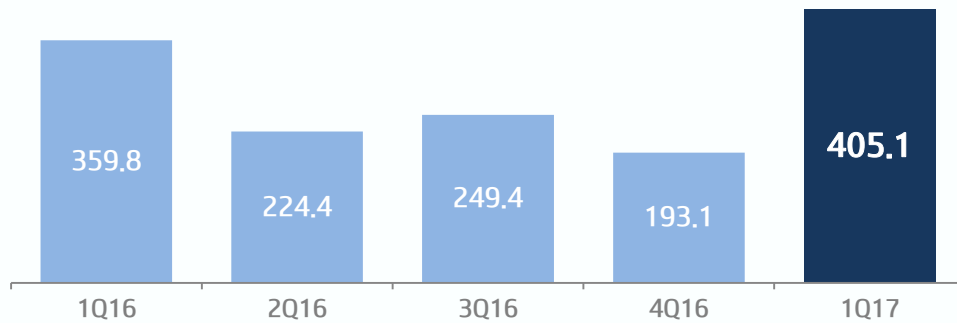
## Total Deposit Growth

(KRW tr)



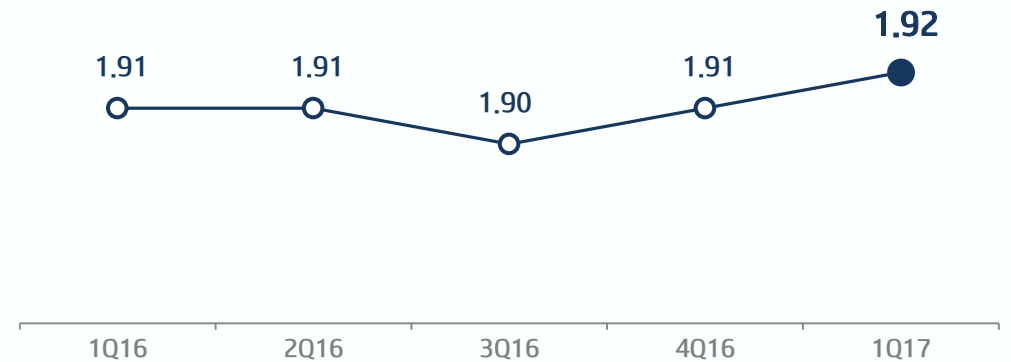
## Net Income

(KRW bn)



## NIM (Quarterly)

(%)

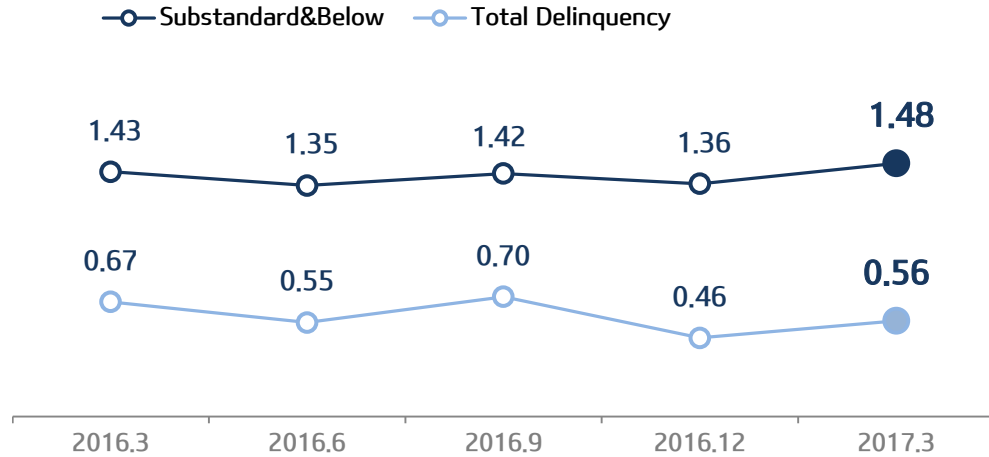


# Financial Highlights [Bank]



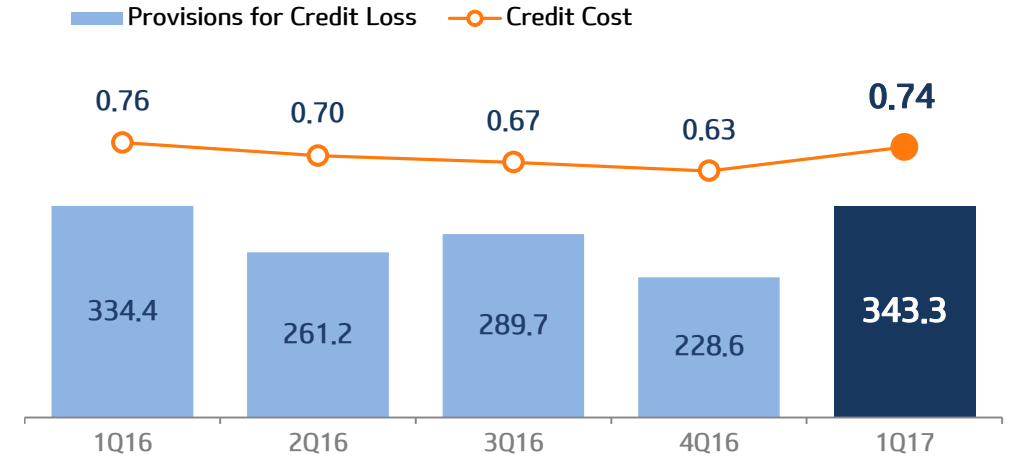
## Substandard & Below - Total Delinquency

(%)



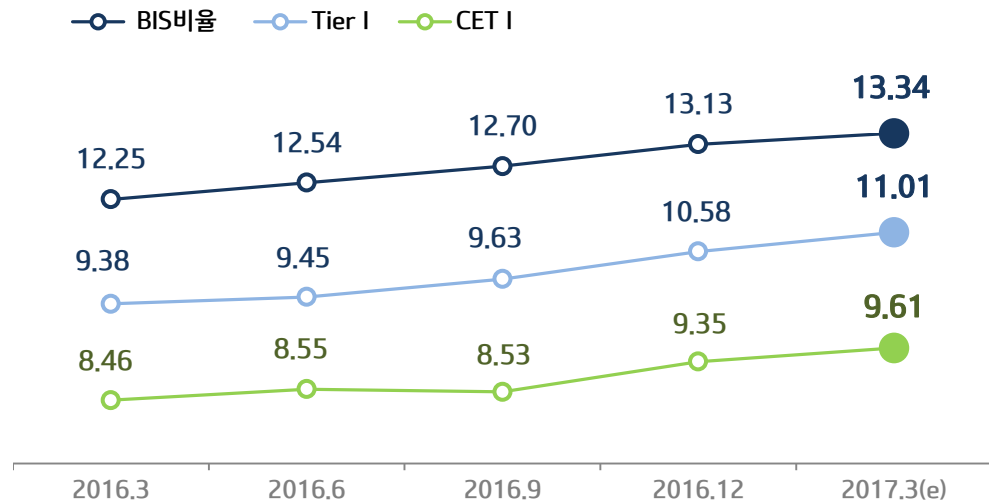
## Provisions for Credit Loss - Credit Cost

(%, KRW bn)



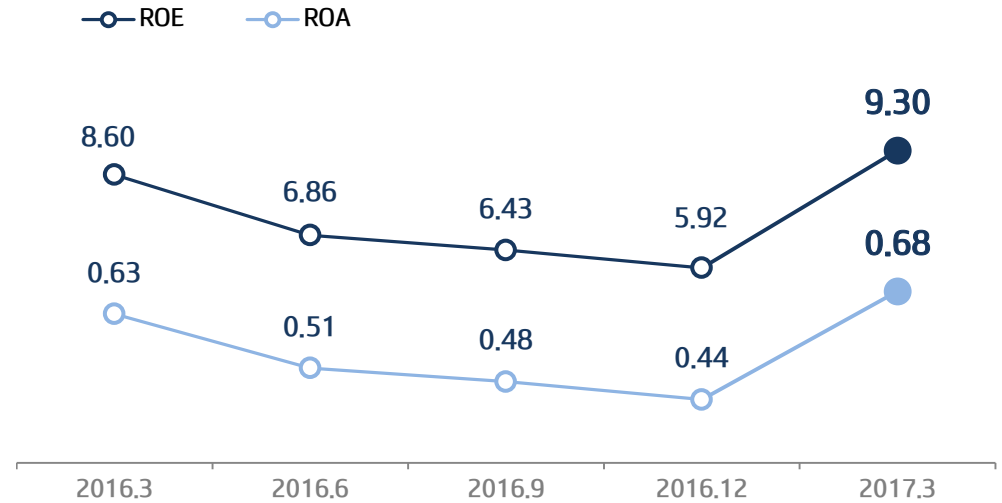
## BIS CAR (Consolidated)

(%)



## ROE - ROA

(%)





## 02 Total Asset /Liability & Capital

# Total Asset / Liability & Capital



## Total Asset (Consolidated)

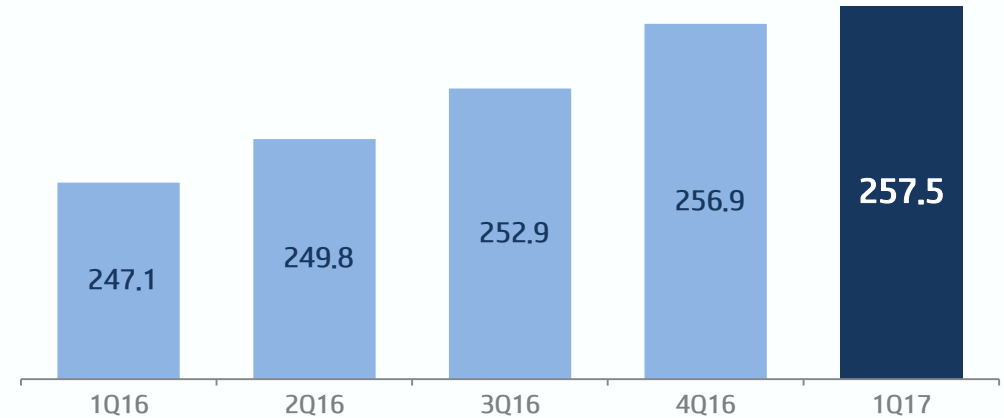
(KRW bn)	1Q17	4Q16	QoQ%	1Q16	YoY%
<b>Bank<sup>1)</sup></b>	<b>240,734</b>	<b>241,478</b>	<b>-0.3</b>	<b>232,338</b>	<b>3.6</b>
<b>Subsidiaries</b>	<b>20,553</b>	<b>19,199</b>	<b>7.1</b>	<b>18,992</b>	<b>8.2</b>
IBK Capital	4,863	4,636	5.0	4,358	11.7
IBK Securities	4,852	3,928	23.5	4,662	4.1
IBK Insurance	4,321	4,054	6.6	3,365	28.4
IBK China	3,317	3,508	-5.4	3,112	6.6
IBK Saving Bank	906	791	14.5	679	33.4
IBK System	52	48	8.3	46	13.0
IBK Asset Mgmt	52	50	4.0	47	10.6
IBK Credit	23	23	-	23	-
SPC, Funds & Others	2,167	2,161	0.2	2,692	-19.5
<b>Total Asset</b>	<b>261,287</b>	<b>260,677</b>	<b>0.2</b>	<b>251,330</b>	<b>4.0</b>
<b>Consolidated Total Asset<sup>2)</sup></b>	<b>257,482</b>	<b>256,851</b>	<b>0.2</b>	<b>247,069</b>	<b>4.2</b>

1) Excluding trust accounts, total asset including trust accounts (293.1 KRW tr)

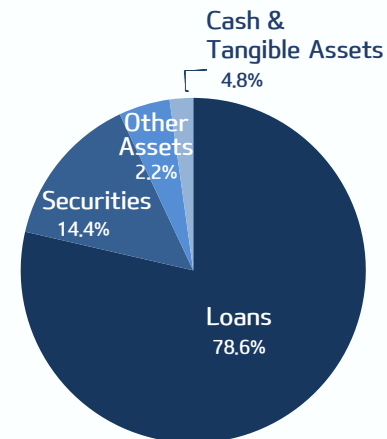
2) After adjustment

## Total Asset (Consolidated)

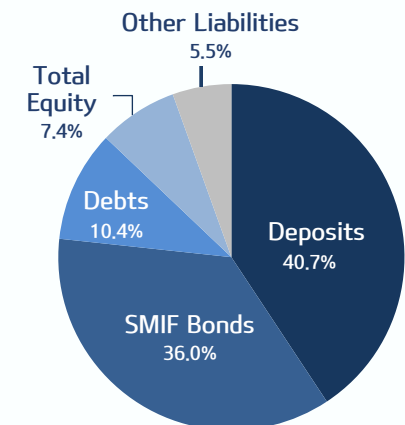
(KRW tr)



## Asset (Bank)



## Liability· Capital (Bank)







## 03 Profitability

- 01 Income Statement[Consol.]
- 02 Income Statement[Bank]
- 03 Interest Income[Bank]
- 04 Non-Interest Income & SG&A[Bank]

# Income Statement [Consolidated]



## Income Details

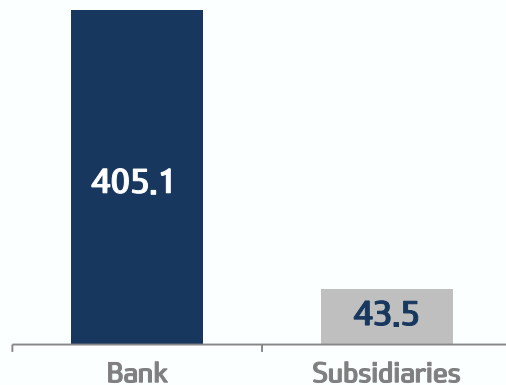
(KRW bn)	1Q17	4Q16	QoQ%	1Q16	YoY%
<b>Bank</b>	<b>405.1</b>	<b>193.1</b>	<b>109.8</b>	<b>359.8</b>	<b>12.6</b>
<b>Subsidiaries</b>	<b>43.5</b>	<b>40.7</b>	<b>6.9</b>	<b>71.3</b>	<b>-39.0</b>
IBK Capital	20.0	6.4	212.5	17.9	11.7
IBK Securities	7.5	4.6	63.0	8.5	-11.8
IBK Insurance	10.9	9.1	19.8	7.6	43.4
IBK China	3.2	3.4	-5.9	4.0	-20.0
IBK Savings Bank	2.2	-3.1	-	4.0	-45.0
IBK AM & Others (3)	2.4	2.5	-4.0	2.2	9.1
SPC, Funds & Others	-2.7	17.8	-	27.1	-
<b>Adjustment</b>	<b>-9.2</b>	<b>-18.7</b>	<b>-</b>	<b>-53.4</b>	<b>-</b>
<b>Net Income</b>	<b>439.4</b>	<b>215.1</b>	<b>104.3</b>	<b>377.7</b>	<b>16.3</b>
(N.I. attributable to Controlling interest)	438.3	213.2	105.6	376.7	16.4

## Income Statement

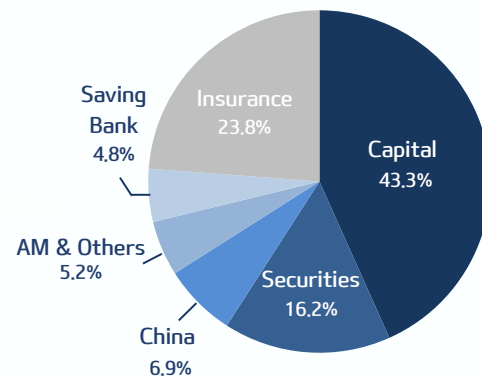
(KRW bn)	1Q17	4Q16	QoQ%	1Q16	YoY%
<b>Interest Income</b>	<b>1,253.5</b>	<b>1,249.8</b>	<b>0.3</b>	<b>1,182.6</b>	<b>6.0</b>
<b>Non-Interest Income</b>	<b>201.7</b>	<b>-138.2</b>	<b>-</b>	<b>116.2</b>	<b>73.6</b>
SG&A Expense	504.2	560.7	-10.1	468.8	7.6
<b>Pre-Provisions</b>	<b>951.0</b>	<b>550.9</b>	<b>72.6</b>	<b>830.0</b>	<b>14.6</b>
<b>Operating Profit</b>	<b>951.0</b>	<b>550.9</b>	<b>72.6</b>	<b>830.0</b>	<b>14.6</b>
Net Provisions	372.9	272.1	37.0	348.7	6.9
<b>Operating Income</b>	<b>578.1</b>	<b>278.8</b>	<b>107.4</b>	<b>481.3</b>	<b>20.1</b>
Non-op. Income	-5.8	-0.2	-	-0.1	-
Pre-tax Income	572.3	278.6	105.4	481.2	18.9
Income Tax	132.9	63.5	109.3	103.5	28.4
<b>Net Income</b>	<b>439.4</b>	<b>215.1</b>	<b>104.3</b>	<b>377.7</b>	<b>16.3</b>
(N.I. attributable to controlling interest)	438.3	213.2	105.6	376.7	16.4

## Income Comparison

(KRW bn)



## Subsidiary Composition

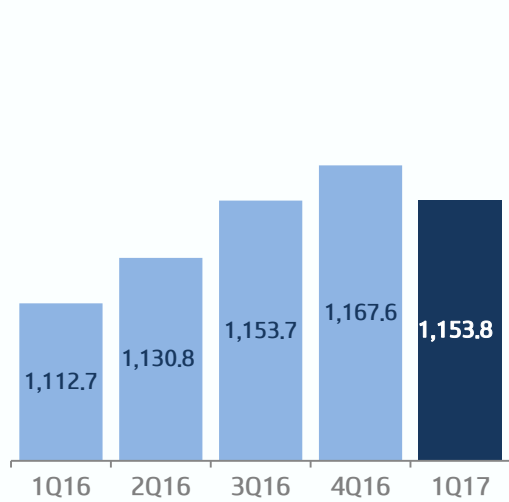


# Income Statement [Bank]



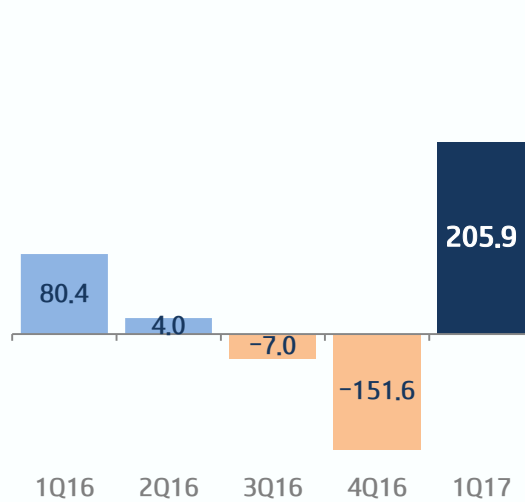
## Interest Income

(KRW bn)



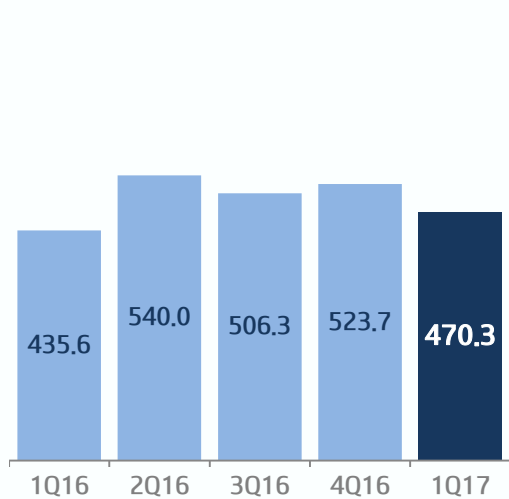
## Non-Interest Income

(KRW bn)



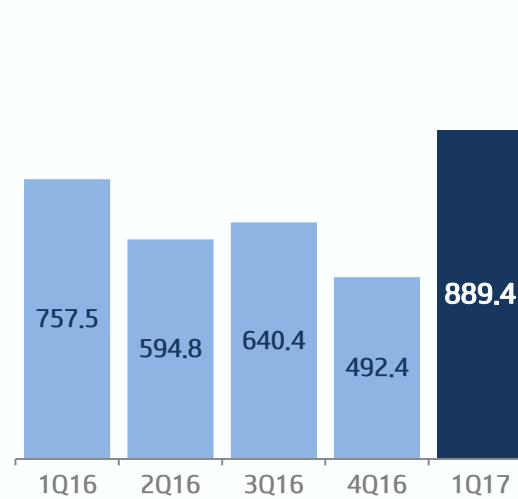
## SG&A Expenses

(KRW bn)



## PPOP

(KRW bn)



## Income Statement

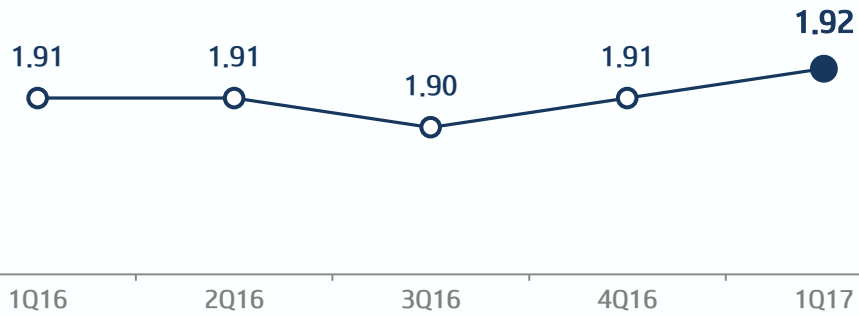
(KRW bn)	1Q17	4Q16	QoQ%	1Q16	YoY%
<b>Interest Income</b>	<b>1,153.8</b>	1,167.6	-1.2	1,112.7	3.7
<b>Non-Interest Income</b>	<b>205.9</b>	-151.6	-	80.4	156.1
SG&A Expenses	470.3	523.7	-10.2	435.6	8.0
<b>PPOP</b>	<b>889.4</b>	492.4	80.6	757.5	17.4
Net Provisions	367.5	245.4	49.8	334.8	9.8
<b>Operating Income</b>	<b>521.9</b>	247.0	111.3	422.7	23.5
Non-op. Income	-2.9	-1.6	-	30.7	-
Pre-tax Income	519.0	245.4	111.5	453.3	14.5
Income Tax	113.9	52.3	117.8	93.5	21.8
<b>Net Income</b>	<b>405.1</b>	193.1	109.8	359.8	12.6

# Interest Income [Bank]



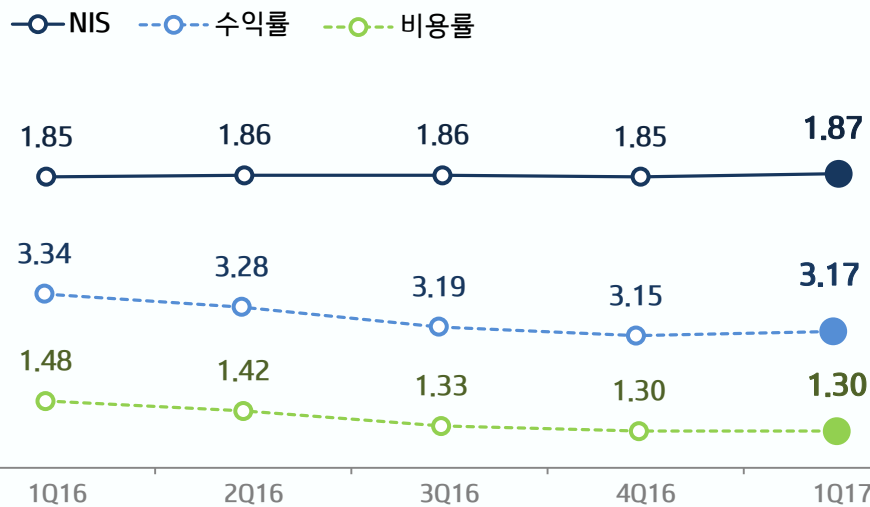
## NIM(Quarterly)

(%)



## NIS(Quarterly)

(%)



## Interest Income

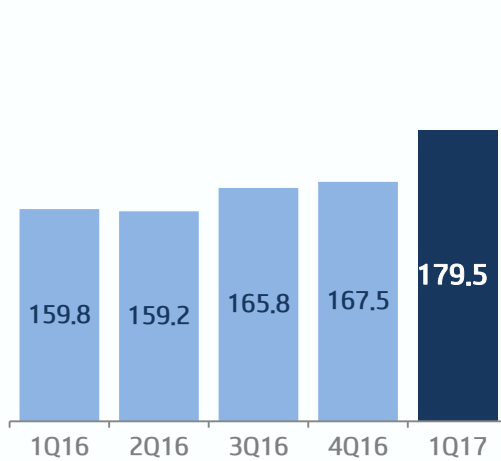
(KRW bn)	1Q17	4Q16	QoQ%	1Q16	YoY%
<b>Interest Revenue</b>	<b>1,790.4</b>	<b>1,810.4</b>	<b>-1.1</b>	<b>1,815.9</b>	<b>-1.4</b>
Loans	1,470.7	1,525.4	-3.6	1,520.6	-3.3
Credit Card Rec.	126.0	123.7	1.9	116.4	8.2
(Credit Purchase)	112.4	111.7	0.6	106.6	5.4
Securities	132.4	136.5	-3.0	155.4	-14.8
Others	61.3	24.7	148.6	23.4	162.4
<b>Interest Expense</b>	<b>636.6</b>	<b>642.7</b>	<b>-0.9</b>	<b>703.2</b>	<b>-9.5</b>
Deposits	171.3	169.0	1.4	190.9	-10.3
SMIF Bonds & etc	465.3	473.7	-1.8	512.3	-9.2
<b>Interest Income</b>	<b>1,153.8</b>	<b>1,167.6</b>	<b>-1.2</b>	<b>1,112.7</b>	<b>3.7</b>

# Non-Interest Income & SG&A [Bank]

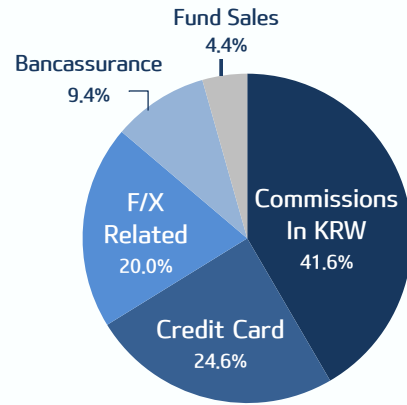


## Fee Income

(KRW bn)



## Fee Income Composition



## Non-Interest Income

(KRW bn)	1Q17	4Q16	QoQ%	1Q16	YoY%
<b>Fee Income</b>	<b>179.5</b>	<b>167.5</b>	<b>7.2</b>	<b>159.8</b>	<b>12.3</b>
Commissions in KRW	74.7	68.0	9.9	68.0	9.9
F/X-Related Fees	35.9	35.9	-	34.1	5.3
Bancassurance	16.9	15.3	10.5	14.7	15.0
Credit Card	44.1	41.3	6.8	35.7	23.5
Fund Sales	7.9	7.0	12.9	7.3	8.2
<b>Other Non-Int. Income</b>	<b>26.4</b>	<b>-319.0</b>	<b>-</b>	<b>-79.4</b>	<b>-</b>
Gain from Securities	126.4	-0.5	-	81.8	54.5
Gain/Loss on Disposal	29.8	-130.5	-	14.2	109.9
Others <sup>1)</sup>	-148.2	-206.2	-	-188.9	-
Trust Income	18.4	18.2	1.1	13.5	36.3
<b>Net Non-Int. Income</b>	<b>205.9</b>	<b>-151.6</b>	<b>-</b>	<b>80.4</b>	<b>156.1</b>

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

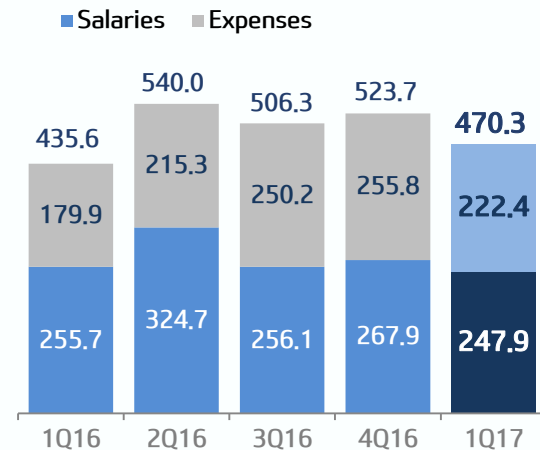
## Cost to Income Ratio

(%)



## SG&A Expenses Breakdown

(KRW bn)



## SG&A Expenses

(KRW bn)	1Q17	4Q16	QoQ%	1Q16	YoY%
<b>SG&amp;A Expenses</b>	<b>470.3</b>	<b>523.7</b>	<b>-10.2</b>	<b>435.6</b>	<b>8.0</b>
Salaries	247.9	267.9	-7.5	255.7	-3.1
Admin. Expenses	222.4	255.8	-13.1	179.9	23.6
<b>Non-Op. Income</b>	<b>-2.9</b>	<b>-1.6</b>	<b>-</b>	<b>30.7</b>	<b>-</b>
Non-Op. Revenue	9.3	24.8	-62.5	44.3	-79.0
Non-Op. Expense	12.2	26.4	-53.8	13.6	-10.9



## 04 Loan-Deposit

01 Total Loan[Bank]

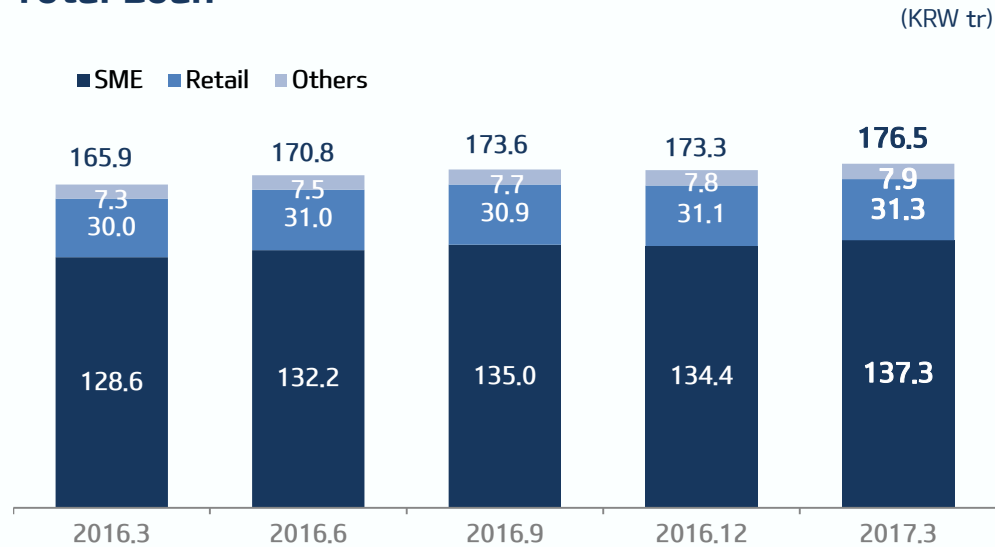
02 SME Loan[Bank]

03 Total Deposit[Bank]

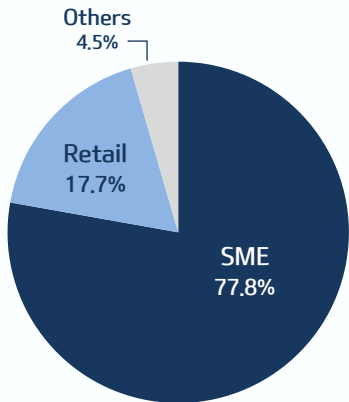
# Loan Portfolio [Bank]



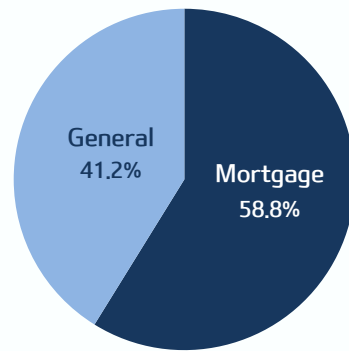
## Total Loan



## Loan Composition



## Retail Loan Composition



▪ SME Loans (including Loans in FCY)

▪ Including Credit Card Loans (291.9bn)

## Total Loan

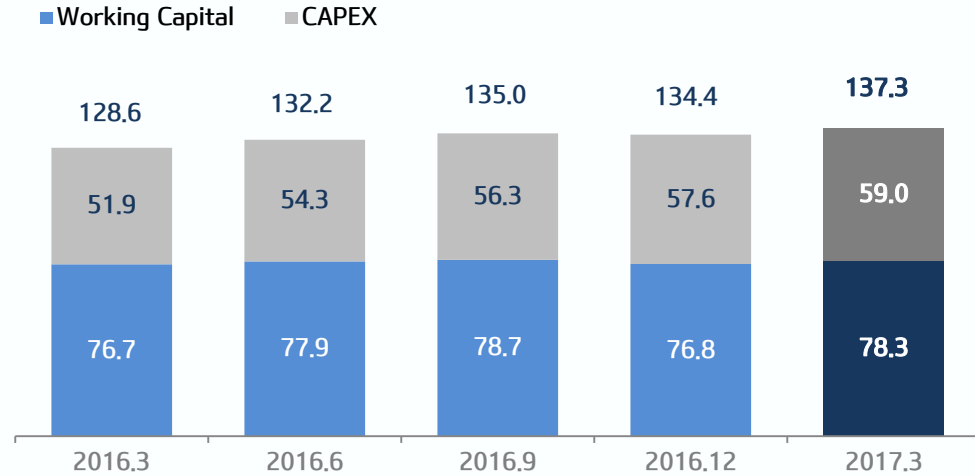
(KRW bn)	2017.3	2016.12	YTD%	2016.9	2016.6
<b>SME</b>	<b>137,260</b>	<b>134,373</b>	<b>2.1</b>	<b>134,964</b>	<b>132,248</b>
Working Capital	78,328	76,807	2.0	78,662	77,954
CAPEX	58,932	57,566	2.4	56,302	54,294
<b>Retail</b>	<b>31,303</b>	<b>31,051</b>	<b>0.8</b>	<b>30,879</b>	<b>31,024</b>
Mortgage	18,394 <sup>1)</sup>	18,110	1.6	18,240	18,601
General	12,909 <sup>2)</sup>	12,941	-0.2	12,639	12,423
<b>Others</b>	<b>7,894</b>	<b>7,823</b>	<b>0.9</b>	<b>7,736</b>	<b>7,483</b>
<b>Total</b>	<b>176,457</b>	<b>173,247</b>	<b>1.9</b>	<b>173,578</b>	<b>170,755</b>

1) Untransferred Balance included (U-KHFC Loan: 366.7bn, Conforming Loan: 215.4bn)

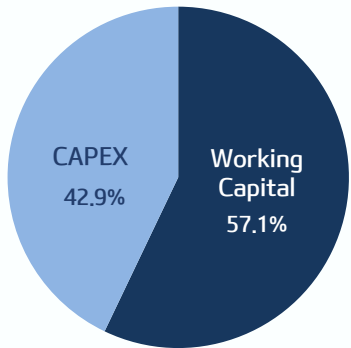
2) 291.9bn of Credit Card Loans included

## SME Loan

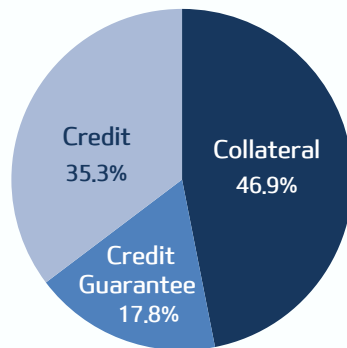
(KRW tr)



## 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)	2017.3				2016.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
<b>Manufacturing</b>	<b>83,901</b>	<b>61.1</b>	<b>1,415</b>	<b>-0.3</b>	<b>82,486</b>	<b>61.4</b>
Wholesale & Retail	20,682	15.1	328	-	20,354	15.1
Real Estate Lease & Rental	12,372	9.0	424	0.1	11,948	8.9
Construction	4,813	3.5	347	0.2	4,466	3.3
Lodging & Dining	1,450	1.1	34	-	1,416	1.1
Others	14,042	10.2	339	-	13,703	10.2
<b>Total</b>	<b>137,260</b>	<b>100.0</b>	<b>2,887</b>	<b>-</b>	<b>134,373</b>	<b>100.0</b>

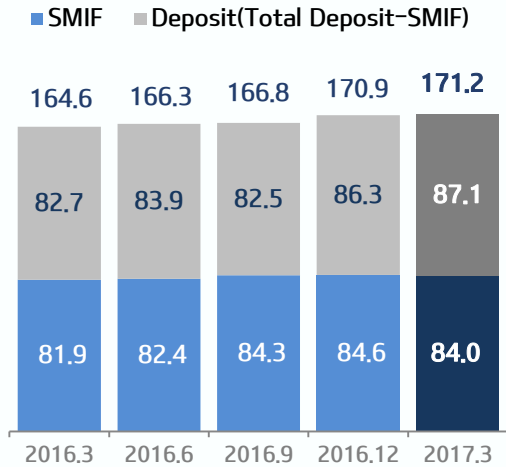
▪ SME Loans (including Loans in FCY)



# Total Deposit [Bank]

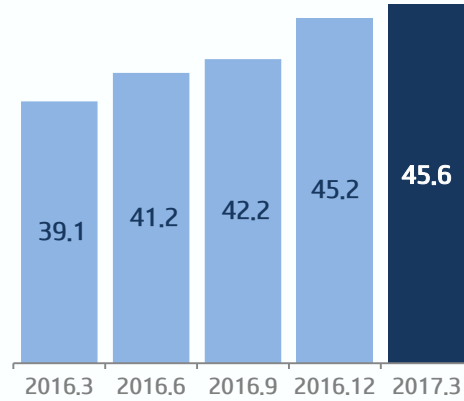
## Total Deposit

(KRW tr)



## Core Deposit

(KRW tr)

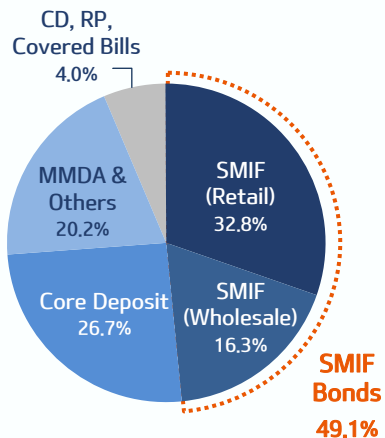


## Total Deposit

(KRW bn)	2017.3	2016.12	QoQ%	2016.9	2016.6
<b>Deposit</b>	<b>80,217</b>	<b>78,239</b>	<b>2.5</b>	<b>74,589</b>	<b>74,218</b>
Core Deposit <sup>1)</sup>	45,627	45,211	0.9	42,213	41,156
MMDA	10,154	9,923	2.3	9,861	10,445
Others	24,436	23,105	5.8	22,515	22,617
<b>CD, Covered Bill, RP</b>	<b>6,907</b>	<b>8,046</b>	<b>-14.2</b>	<b>7,909</b>	<b>9,642</b>
<b>SMIF Bond</b>	<b>84,029</b>	<b>84,633</b>	<b>-0.7</b>	<b>84,258</b>	<b>82,409</b>
(Retail-funded)	56,158	53,369	5.2	52,221	50,905
(Wholesale-funded)	27,871	31,264	-10.9	32,037	31,504
<b>Sub Total</b>	<b>171,153</b>	<b>170,917</b>	<b>0.1</b>	<b>166,756</b>	<b>166,270</b>
Trust <sup>2)</sup>	17,992	16,253	10.7	15,920	15,209
<b>Total Deposit</b>	<b>189,145</b>	<b>187,171</b>	<b>1.1</b>	<b>182,676</b>	<b>181,478</b>

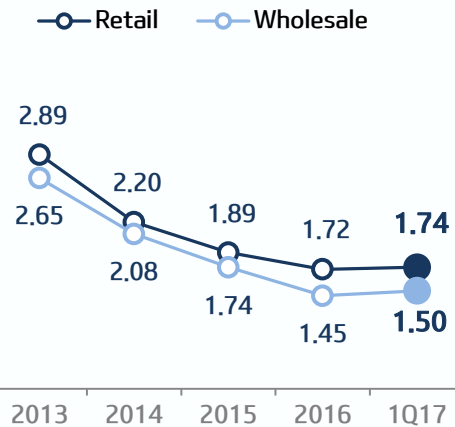
## Deposit Composition

(KRW tr)



## SMIF Bond Yields

(%)



- Based on SMIF Bond with 1 year maturity
- 4Q's Average Yields used for 2013~2016

- Monthly average B/S balance

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

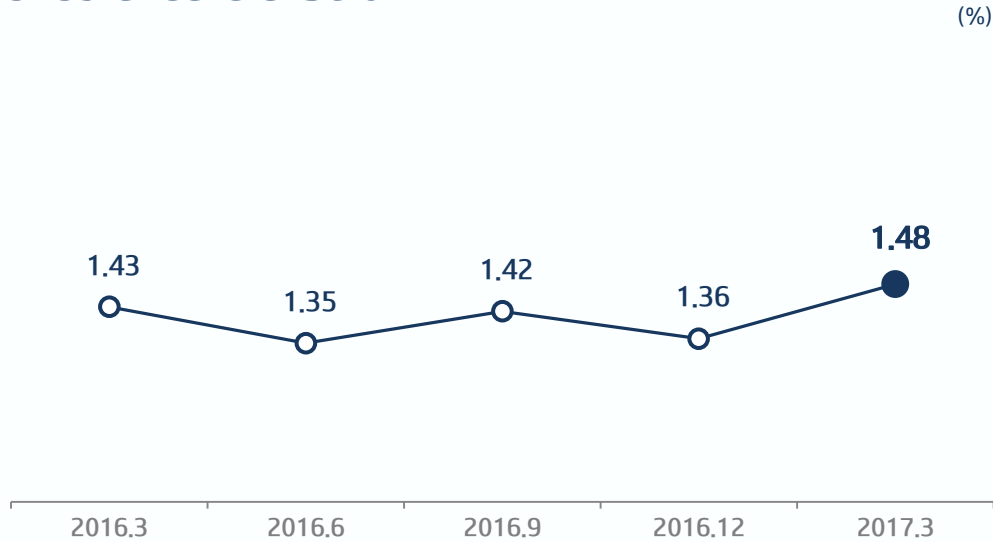
2) Money Trust (excluding fund sales)



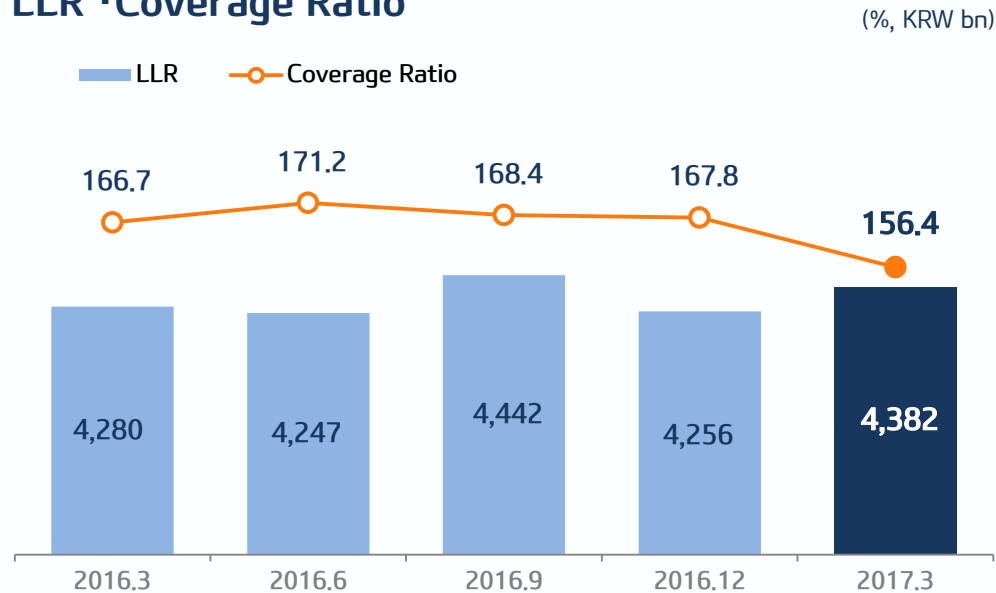
## 05 Asset Quality

- 01 Asset Quality[Bank]
- 02 Delinquency[Bank]
- 03 Provisions for  
Credit Loss[Bank]

## Substandard & Below



## LLR - Coverage Ratio



## Substandard & Below

(KRW bn)	2017.3	2016.12	QoQ%	2016.9	2016.6
<b>Total Loan<sup>1)</sup></b>	<b>189,234</b>	<b>186,456</b>	<b>1.5</b>	<b>185,883</b>	<b>183,848</b>
Normal	183,835	181,376	1.4	180,435	178,616
Precautionary	2,597	2,543	2.1	2,810	2,751
Sub. & Below	2,802	2,537	10.4	2,637	2,482
<i>Substandard</i>	2,125	1,738	22.3	1,682	1,776
<i>Doubtful</i>	121	236	-48.7	217	112
<i>Est. Loss</i>	556	562	-1.1	738	594
<b>Sub. &amp; Below Ratio</b>	<b>1.48%</b>	<b>1.36%</b>	<b>0.12%p</b>	<b>1.42%</b>	<b>1.35%</b>
Loan Loss Reserves <sup>2)</sup>	4,382	4,256	3.0	4,442	4,247
<b>Coverage Ratio</b>	<b>156.4%<sup>3)</sup></b>	<b>167.8%</b>	<b>-11.4%p</b>	<b>168.4%</b>	<b>171.2%</b>
Write-offs (Quarterly)	291.8	380.2	-23.3	173.0	321.5

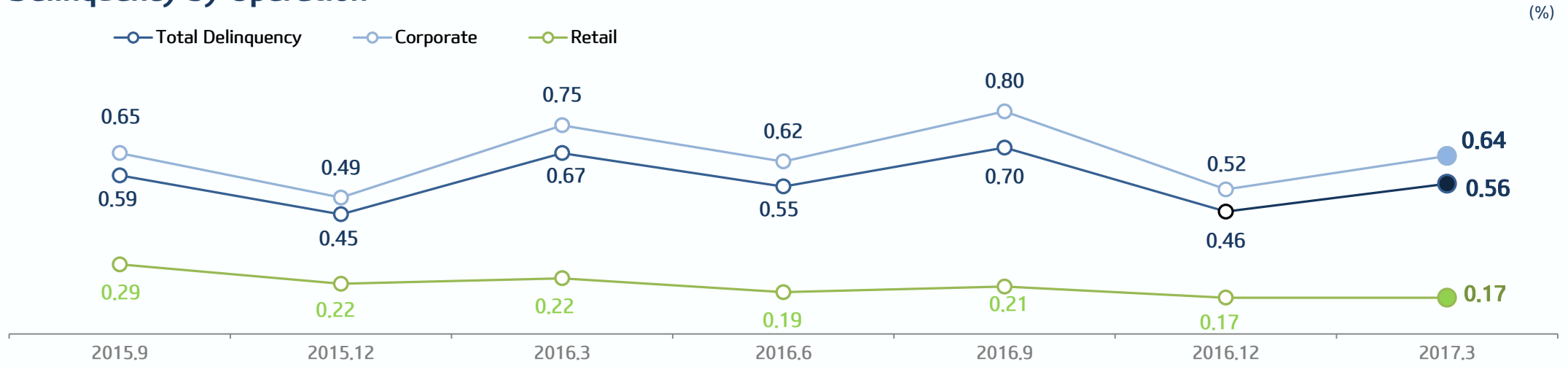
1) Total Credit

2) KRW 2,307.7bn of Reserve for Credit Loss included

3) Excluding reserve for credit loss in accordance with the revision of Banking Supervision Regulations(2016.12) is 84.2%

# Delinquency [Bank]

## Delinquency by Operation



▪ Principal or Interest of +30 days past due

## Delinquency by Industry

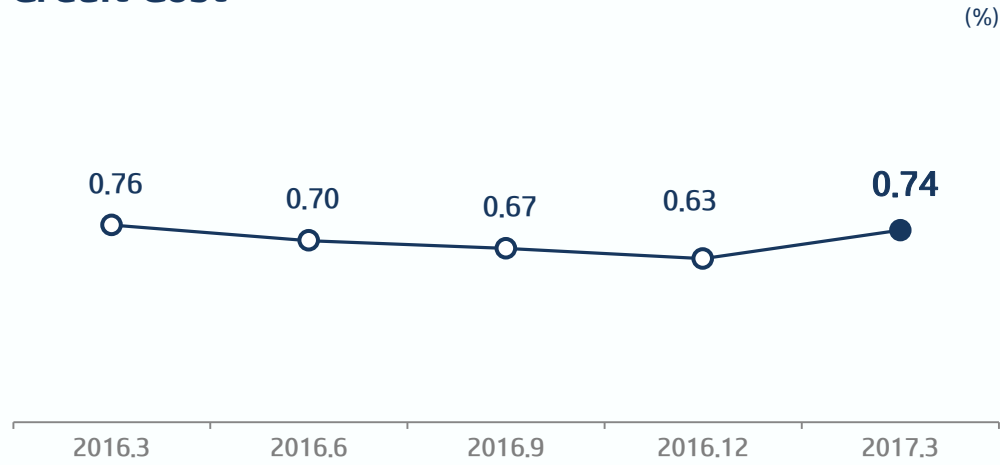
(%)	2015.9	2015.12	2016.3	2016.6	2016.9	2016.12	2017.3
<b>Manufacturing</b>	0.66	0.43	0.73	0.63	0.81	0.53	0.70
Construction	1.18	0.83	0.97	0.64	0.94	1.03	1.05
Real Estate Lease & Rental	0.22	0.19	0.25	0.40	0.55	0.46	0.45
Wholesale & Retail	0.62	0.39	0.63	0.45	0.78	0.46	0.58
Lodging & Dining	0.33	0.76	0.92	0.75	0.67	0.50	0.22

▪ Principal or Interest of +30 days past due

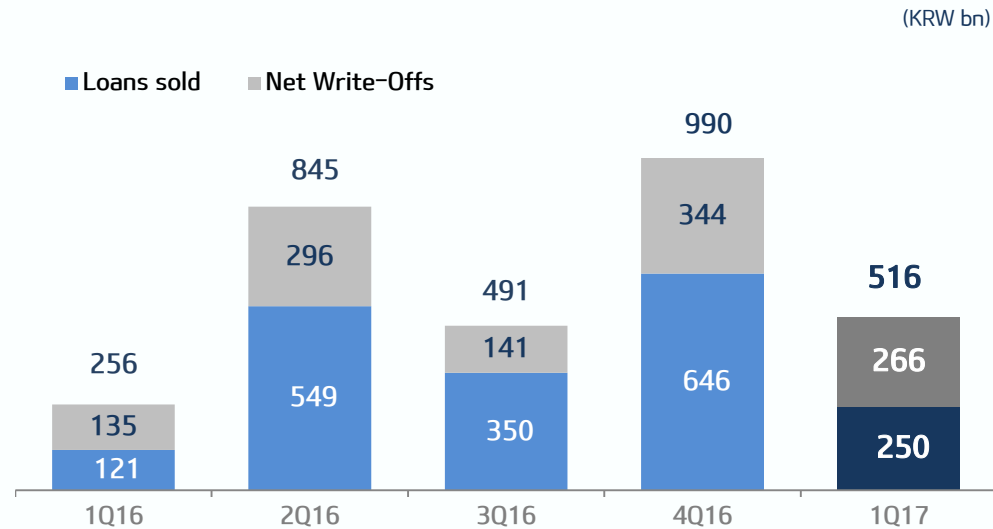
# Provisions for Credit Loss [Bank]



## Credit Cost



## Write-offs & NPL Sales



## Provisions for Credit Loss

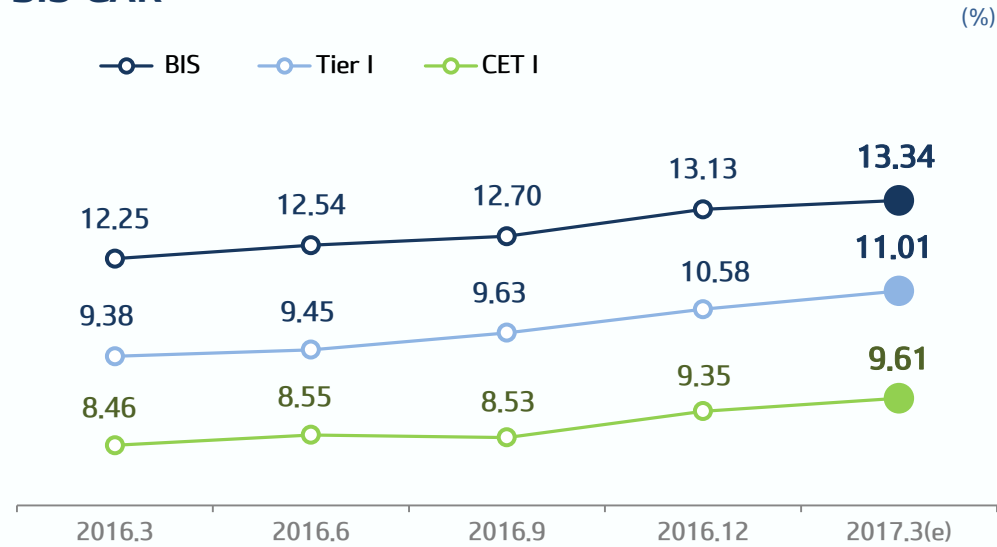
(KRW bn)	1Q17	4Q16	3Q16	2Q16	1Q16
<b>Corporate</b>	<b>312.6</b>	<b>197.3</b>	<b>259.4</b>	<b>246.8</b>	<b>307.9</b>
Provisions	318.2	197.8	263.3	247.6	316.7
Unused Credit Line	-5.6	-0.5	-3.9	-0.8	-8.8
<b>Retail</b>	<b>7.7</b>	<b>9.0</b>	<b>8.0</b>	<b>-2.5</b>	<b>10.1</b>
Provisions	7.7	9.0	8.0	-2.5	10.1
Unused Credit Line	0.0	0.0	0.0	0.0	0.0
<b>Credit Card</b>	<b>23.0</b>	<b>22.3</b>	<b>22.3</b>	<b>16.9</b>	<b>16.4</b>
Provisions	22.4	22.2	21.9	17.7	16.2
Unused Credit Line	0.6	0.1	0.4	-0.8	0.2
<b>Sub Total</b>	<b>343.3</b>	<b>228.6</b>	<b>289.7</b>	<b>261.2</b>	<b>334.4</b>



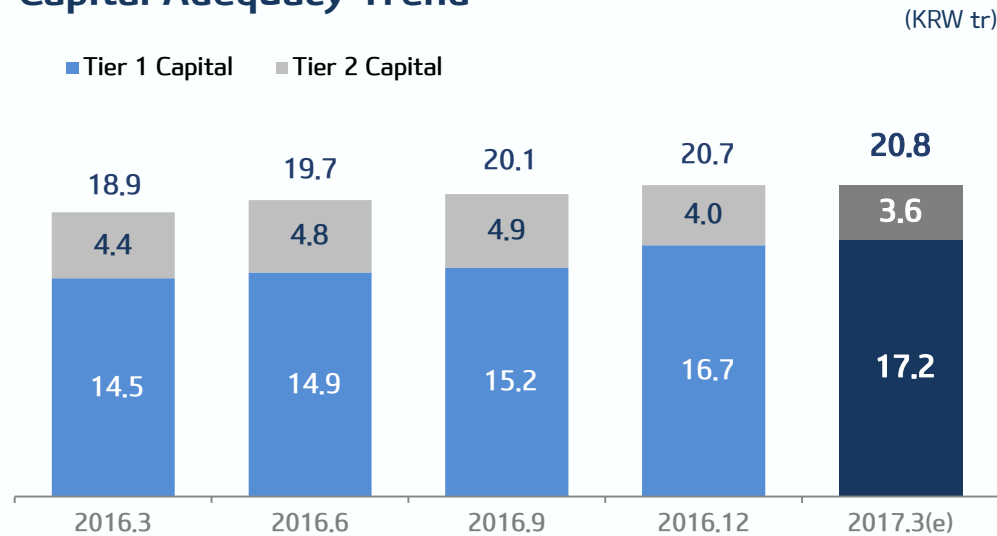
## 06 Capital Adequacy

# Capital Adequacy [Consolidated]

## BIS CAR



## Capital Adequacy Trend



## Capital Adequacy & BIS CAR

(KRW bn,%)	2017.3(e)	2016.12	2015.12
<b>Tier I</b>	<b>17,182</b>	<b>16,652</b>	<b>14,336</b>
Common Equity Tier I	14,997	14,710	12,773
Common Shares Issued	2,800	2,800	2,782
Stock Surplus	555	554	531
Retained Earnings	12,083	11,987	10,946
Accum. Other Comprehensive Income	594	651	731
Additional Tier I	2,185	1,941	1,563
<b>Tier II</b>	<b>3,634</b>	<b>4,017</b>	<b>4,827</b>
Subordinated Bonds	3,514	3,897	3,880
Provision in excess of Exp. Loss	0	0	743
LLR	113	113	200
<b>Total</b>	<b>20,816</b>	<b>20,668</b>	<b>19,163</b>
Risk-weighted Assets	155,999	157,372	153,135
<b>BIS Ratio</b>	<b>13.34</b>	<b>13.13</b>	<b>12.51</b>
Tier I	11.01	10.58	9.36
CET I <sup>1)</sup>	9.61	9.35	8.34
Tier II	2.33	2.55	3.15

1) Common Equity Tier I



## 07 Appendix

- 01 SME Loan Details
- 02 SMIF Bond Details

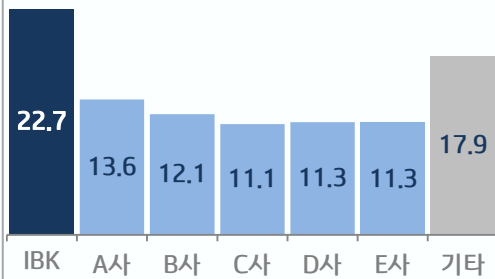


# SME Loan & SMIF Bond Details

## SME

### Market Share by Banks (%)

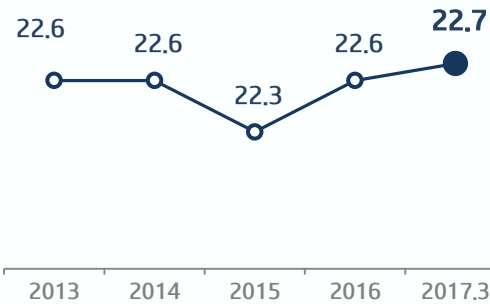
(%)



- BOK reported standard
- 1Q17 SME Loans balance by banks

### IBK M/S Trend (%)

(%)

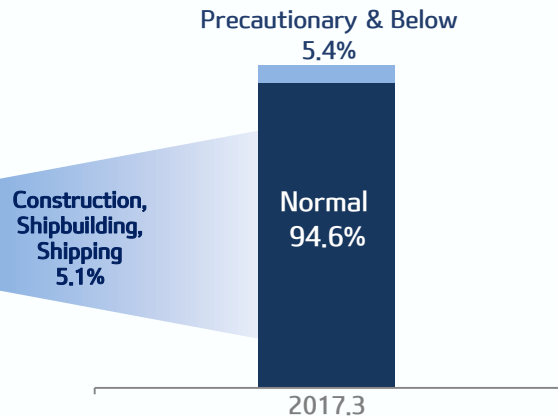


- BOK reported standard

### Construction, Shipbuilding, Shipping



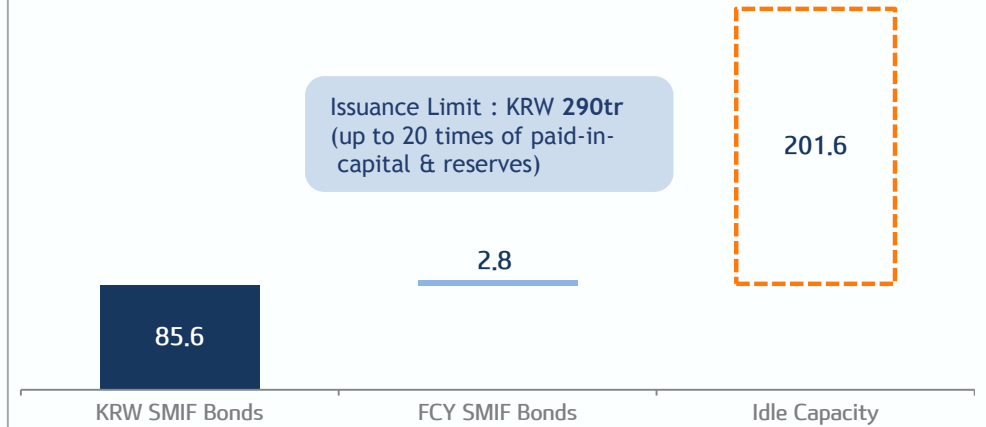
### Asset Quality Breakdown



## SMIF Bond

### SMIF Bond Balance & Issuance Limit (KRW tr)

(KRW tr)



- Outstanding balance (KRW)

### SMIF Bonds by Maturity

(KRW tr)	~3mon.	~6mon.	~1yrs	~2yrs	3yrs~	Total
Balance	16.9	14.0	35.9	6.8	10.4	84.0
%	20.1%	16.7%	42.7%	8.1%	12.4%	100.0%

- Monthly average B/S balance (KRW)