

A world map in shades of blue with a central square icon containing the letters 'IBK'. Numerous thin white lines radiate from this central icon to various points across the globe, representing global connectivity.

2013.1Q Earnings Release

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.
- The financial figures in 2012 have been retroactively restated to reflect the new standards and amendments of K-IFRS is applicable from 2013.
- 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



Total Assets (Consol.)

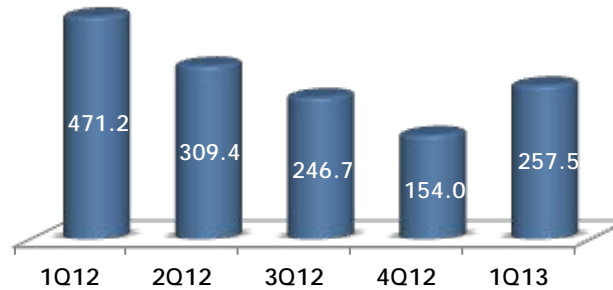
(KRW tr)



▪ Trust accounts included

Net Income (Consol.)

(KRW bn)



Provisioning (Bank)

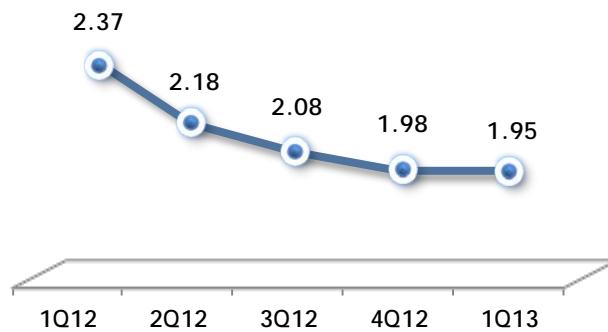
(KRW bn)



NIM (Bank)

(%)

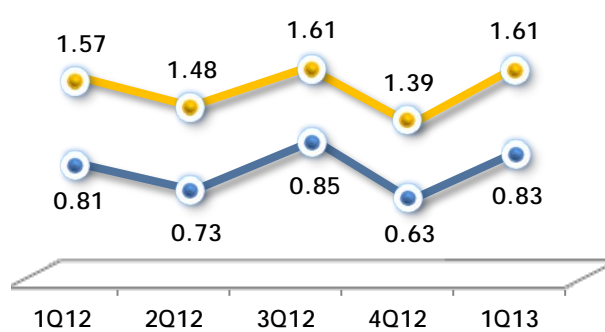
(Quarterly)



Asset Quality (Bank)

(%)

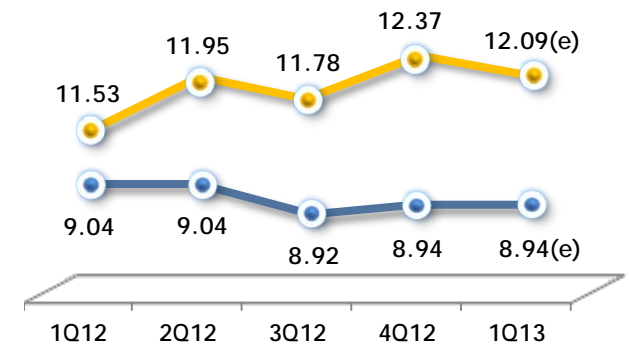
■ Substandard & Below ■ Total Delinquency



BIS CAR (Consol.)

(%)

■ BIS Ratio ■ Tier I





II Profitability

- 1. Income Statement (Consol.)**
- 2. Income Statement (Bank)**
- 3. Interest Income (Bank)**
- 4. Non-interest Income (Bank)**
- 5. SG&A Expenses (Bank)**

Income Statements (Consol.)



(KRW bn)	1Q13	QoQ	4Q12
Bank	274.9	113.4%	128.8
Subsidiaries	21.9	135.5%	9.3
IBK Capital	9.1	-15.0%	10.7
IBK Securities	3.1	-	-4.9
IBK China	-2.7	-	3.5
IBK Insurance	0.0	-	0.8
IBK Asset Management & Other Subsidiaries (3)	1.4	-6.7%	1.5
SPC, Funds & Others	11.0	-	-2.3
Adjustments for Intra-Transactions	-39.3	-	15.9
Consolidated Net Income	257.5	67.2%	154.0

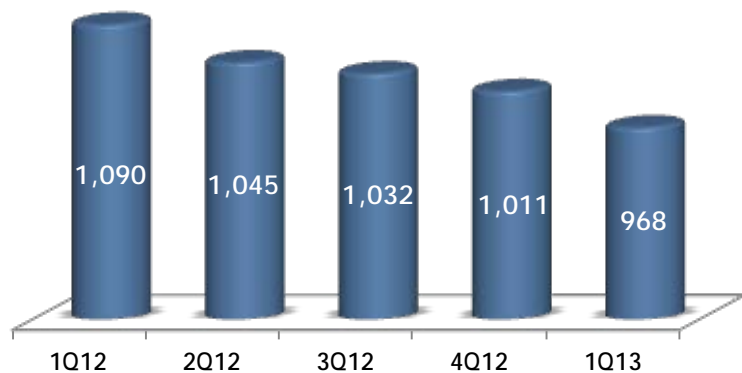
(KRW bn)	1Q13	QoQ	4Q12	YoY	1Q12
Interest Income	1,021.8	-6.1%	1,088.1	-11.3%	1,151.8
Non-interest Income	52.0	-	-85.1	-71.0%	179.4
SG&A Expenses	429.6	-8.4%	469.2	6.0%	405.2
Pre-provisioning Operating Profit	644.3	20.7%	533.8	-30.4%	926.0
Net Provisioning	306.7	-2.9%	315.7	-1.5%	311.3
Operating Income	337.5	54.7%	218.1	-45.1%	614.7
Non-operating Income	8.8	-	-29.2	-17.0%	10.6
Pre-tax Income	346.3	83.3%	188.9	-44.6%	625.3
Income Tax	88.8	155.2%	34.8	-42.4%	154.1
Consolidated Net Income	257.5	67.2%	154.0	-45.4%	471.2

Income Statements (Bank)



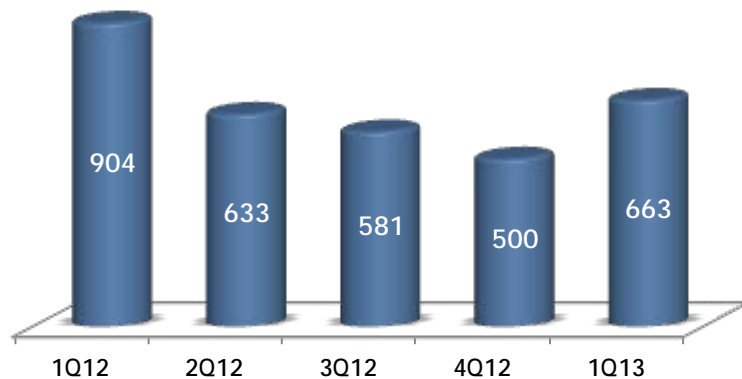
Interest Income

(KRW bn)



PPOP

(KRW bn)



(KRW bn)	1Q13	QoQ	4Q12	YoY	1Q12
Interest Income	968.3	-4.2%	1,010.6	-11.2%	1,089.9
Non-interest Income	94.2	-	-59.2	-48.1%	181.4
SG&A Expenses	399.7	-11.4%	451.1	8.9%	366.9
Pre-provisioning Operating Profit	662.8	32.5%	500.2	-26.7%	904.4
Net Provisioning ¹⁾	308.6	5.8%	291.8	5.5%	292.5
Operating Income	354.3	70.0%	208.4	-42.1%	611.9
Non-operating Income	8.9	-	-43.2	-	-0.7
Pre-tax Income	363.1	119.7%	165.3	-40.6%	611.3
Income Tax	88.3	141.9%	36.5	-40.7%	149.0
Net Income	274.9	113.4%	128.8	-40.5%	462.2

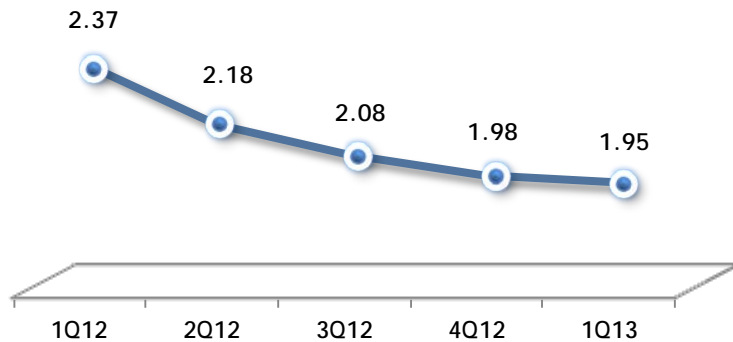
1) Refer to p17 for net provisioning details

Interest Income (Bank)



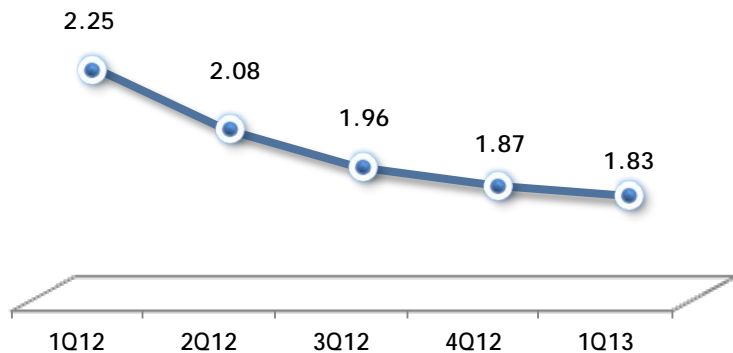
NIM (Quarterly) (%)

(%)



NIS (Quarterly) (%)

(%)



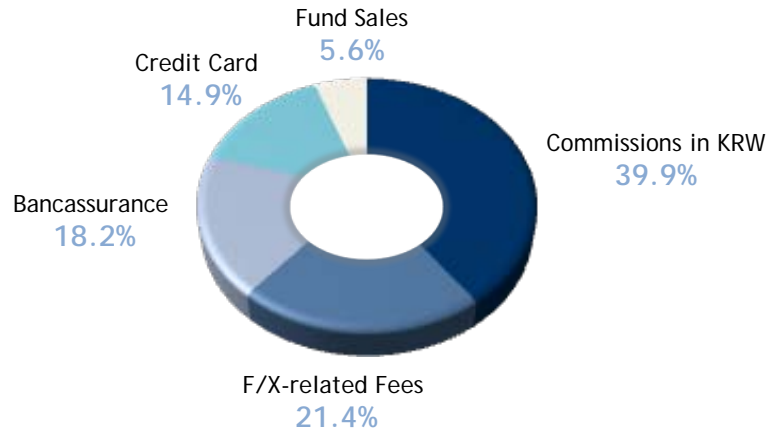
(KRW bn)	1Q13	QoQ	4Q12	YoY	1Q12
Interest Income	2,087.0	-4.7%	2,190.3	-8.7%	2,285.3
Loans	1,690.9	-5.7%	1,793.6	-10.5%	1,889.8
Credit Card Receivables	99.7	-8.1%	108.5	-0.4%	100.1
(Credit Purchase)	89.9	-8.1%	97.8	2.5%	87.7
Securities	256.5	5.3%	243.7	14.5%	224.0
Other Loans, Dues, etc.	39.9	-10.1%	44.4	-44.1%	71.4
Interest Expense	1,118.7	-5.2%	1,179.7	-6.4%	1,195.3
Deposits	371.0	-1.3%	375.9	-0.1%	371.2
SMIF Bonds, etc.	747.7	-7.0%	803.8	-9.3%	824.1
Net Interest Income	968.3	-4.2%	1,010.6	-11.2%	1,089.9

(%)	1Q13	4Q12	3Q12	2Q12	1Q12
NIS (Quarterly)	1.83	1.87	1.96	2.08	2.25
Yield on IEA	4.65	4.76	5.00	5.21	5.38
Yield on IBL	2.82	2.89	3.04	3.13	3.13

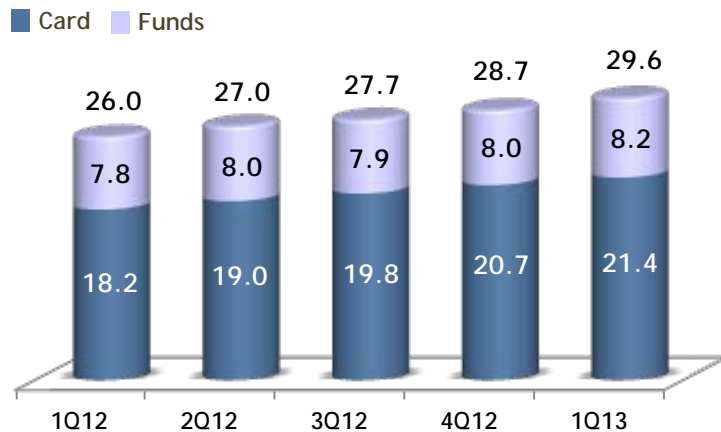
Non-Interest Income (Bank)



Fee Income Breakdown



Credit Card / Fund Sales Fee (KRW bn)



(KRW bn)	1Q13	QoQ	4Q12	YoY	1Q12
Fee Income	143.8	-1.4%	145.8	-9.8%	159.5
Commissions in KRW	57.4	-4.0%	59.8	-13.8%	66.6
F/X-Related Fees	30.8	-11.5%	34.8	-6.9%	33.1
Bancassurance	26.1	16.0%	22.5	-23.0%	33.9
Credit Card	21.4	3.4%	20.7	18.2%	18.1
Fund Sales	8.2	3.8%	7.9	5.1%	7.8
Other Non-interest Income	-49.6	75.8%	-205.0	-	21.9
Securities-Related Gain	55.2	-	6.8	-38.2%	89.3
Gain/Loss on Loan Disposal	41.1	-	-76.1	0.2%	41.0
Others ¹⁾	-156.0	-7.5%	-145.1	-33.4%	-116.9
Trust Income	10.1	6.3%	9.5	18.8%	8.5
Net Non-interest Income	94.2	-	-59.2	-48.1%	181.4

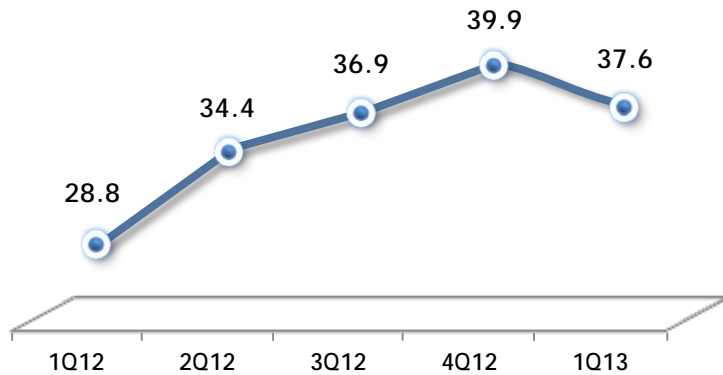
1) Contributions to Credit Guarantee Fund, Deposit Insurance Premium, and Gain/Loss from F/X Transactions & Derivatives

SG&A Expenses (Bank)



Cost to Income Ratio (%)

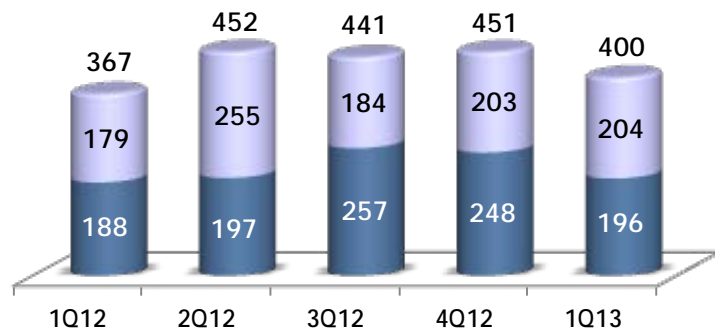
(%)



SG&A

(KRW bn)

■ Admin. Expenses ■ Salaries + Severance Pay



(KRW bn)	1Q13	QoQ	4Q12	YoY	1Q12
SG&A Expenses	399.7	-11.4%	451.1	8.9%	366.9
Salaries	181.3	-2.1%	185.2	11.8%	162.2
Admin. Expenses	195.6	-21.1%	248.0	4.2%	187.8
(Depreciation)	34.1	-12.1%	38.8	24.9%	27.3
Provisions for Severance Pay	22.8	26.7%	18.0	34.1%	17.0
Non-operating Income	8.9	-	-43.2	-	-0.7
Non-op. Income	21.7	143.8%	8.9	102.8%	10.7
Non-op. Expenses	12.9	-75.2%	52.1	13.2%	11.4



III Loans · Deposits

1. Loan Portfolio (Bank)

2. Deposit Structure (Bank)

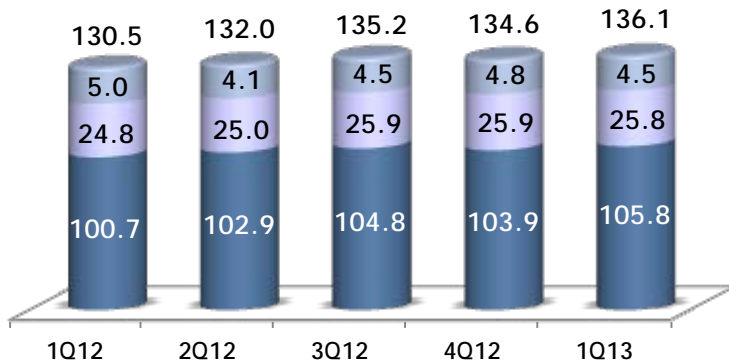
Loan Portfolio (Bank)



Total Loans (KRW tr)

(KRW tr)

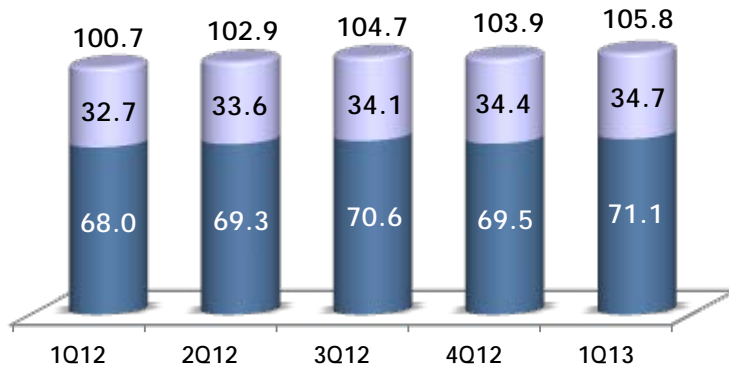
■ SME ■ Household ■ Large Corp. & Others



SME Loans by Purpose (%)

(%)

■ Working Capital ■ CAPEX



(KRW bn)	1Q13	QoQ	4Q12	YoY	1Q12
SME	105,799	1.8%	103,944	5.0%	100,732
Working Capital	71,067	2.2%	69,504	4.5%	67,985
CAPEX	34,732	0.8%	34,440	6.1%	32,747
Household ¹⁾	25,794	-0.4%	25,907	4.2%	24,758
General	14,084	0.1%	14,071	-2.8%	14,491
Housing Loan	11,710	-1.1%	11,836	14.1%	10,267
Large Corp.	3,888	-5.3%	4,106	30.2%	2,986
Others	632	3.8%	609	-69.5%	2,069
Total	136,114	1.2%	134,566	4.3%	130,545

■ Loan Portfolio Mix : SME 77.7%, Household 19.0%, Large Corp. & Others 3.3%

1) 32.1bn of Credit Card Loans, 742.2bn of U-KHFC Loans and 34.9bn of Conforming Loans included

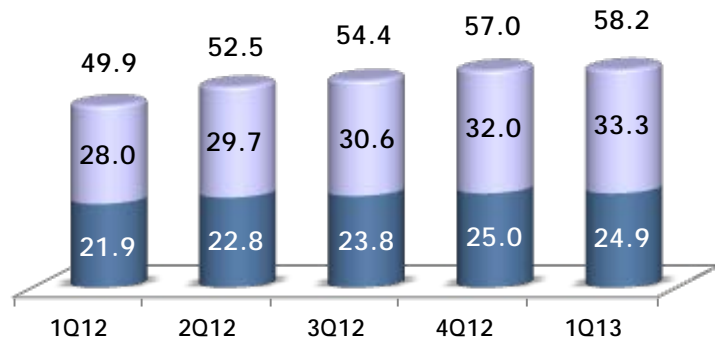
Deposit Structure (Bank)



Deposits

(KRW tr)

■ Core Deposits ■ MMDA + Other Deposits

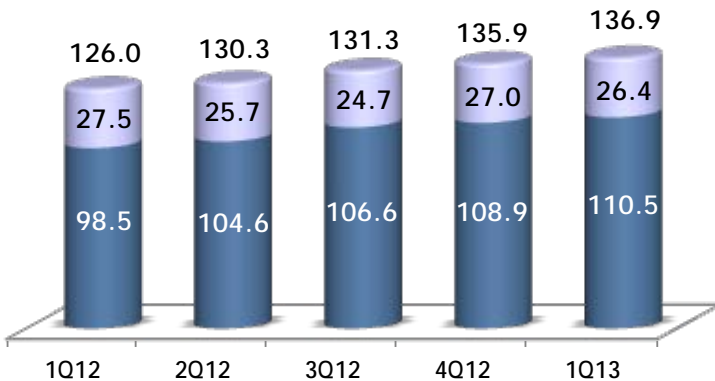


■ Marketable Deposits excluded

Funding Breakdown

(KRW tr)

■ Retail-Funded ■ Wholesale-Funded



(KRW bn)	1Q13	QoQ	4Q12	YoY	1Q12
Core Deposits ¹⁾	24,889	-0.6%	25,050	13.9%	21,855
MMDA	7,581	-0.6%	7,626	11.5%	6,797
Other Deposits	25,729	5.6%	24,367	20.9%	21,283
Deposits	58,199	2.0%	57,043	16.5%	49,935
CD, Covered Bills, RP	15,506	7.1%	14,482	-7.3%	16,725
SMIF Bonds	63,213	-1.8%	64,355	6.5%	59,330
Retail-funded	36,799	-1.6%	37,382	15.0%	31,986
Sub Total	136,918	0.8%	135,881	8.7%	125,990
Trust ²⁾	13,006	10.3%	11,790	31.0%	9,926
Total Deposits	149,924	1.5%	147,671	10.3%	135,916

■ Monthly average B/S balance

1) Core Deposits: Corporate Free Savings + Savings Deposits + Demand Deposits (excluding MMDA)

2) Money Trust (excluding fund sales)



IV Asset Quality

- 1. Asset Quality (Bank)**
- 2. Provisions (Bank)**
- 3. Delinquency (Bank)**

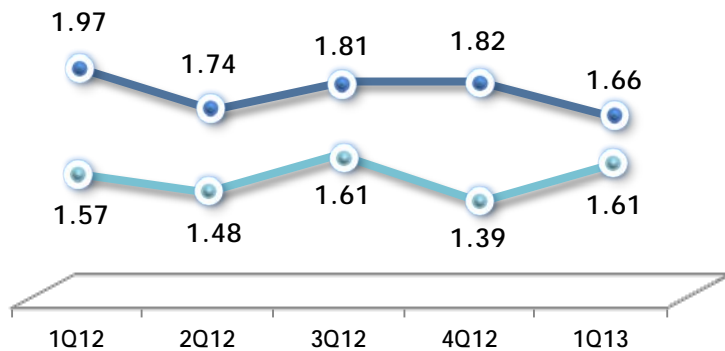
Asset Quality (Bank)



Substandard & Below (%)

(%)

○ Precautionary ○ Substandard & Below



NPL Coverage Ratio / LLR

(%, KRW bn)

○ Coverage Ratio ■ Loan Loss Reserves



(KRW bn)	1Q13	4Q12	3Q12	2Q12
Normal	143,738	142,024	143,344	140,861
Precautionary	2,470	2,670	2,691	2,528
Substandard	1,645	1,557	1,643	1,516
Doubtful	238	208	236	259
Estimated Loss	511	273	514	383
Total	148,602	146,732	148,428	145,547
Substandard & Below	2,394	2,037	2,393	2,158
Sub & Below Ratio	1.61%	1.39%	1.61%	1.48%
Loan Loss Reserves ¹⁾	3,582	3,259	3,571	3,363
Coverage Ratio	149.7%	160.0%	149.2%	155.9%
Write-offs (Quarterly)	58.3	450.0	82.7	329.3

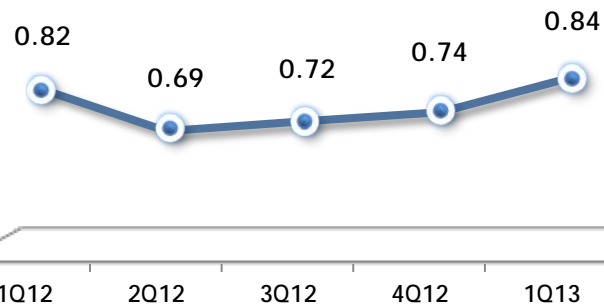
1) KRW 1,613.1bn of Reserve for Credit Loss included

Provisions (Bank)



Credit Cost

(%)

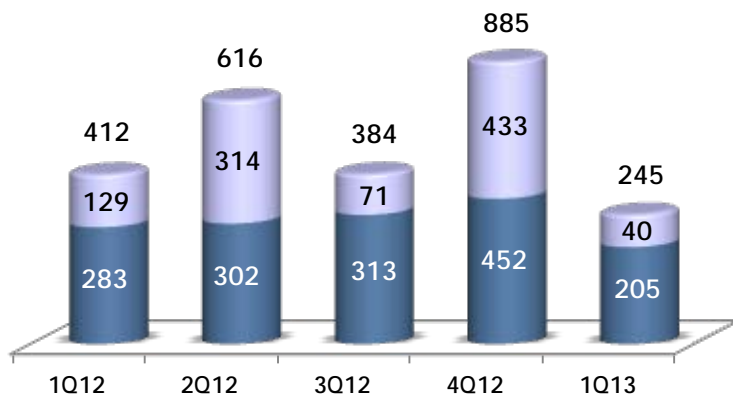


▪ Credit Cost = Net Provisioning / Total Credit

Write-offs / NPL Sales

(KRW bn)

■ Loans Sold ■ Net Write-offs (write offs - collections)



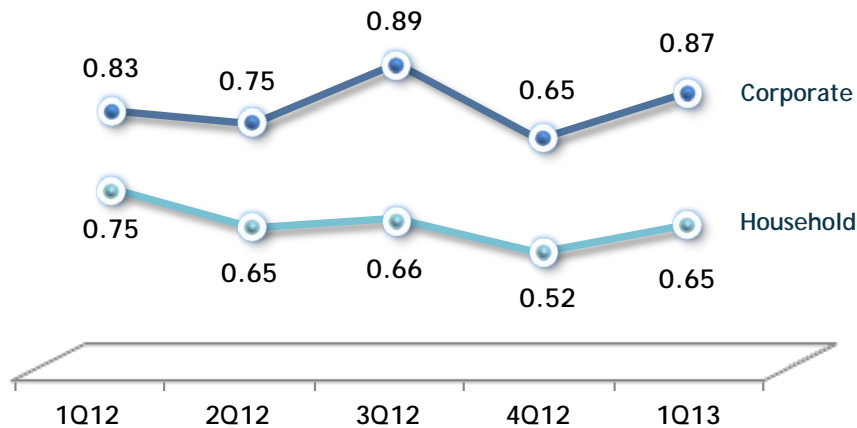
(KRW bn)	1Q13	4Q12	3Q12	2Q12
Corporate	278.6	358.2	334.3	235.2
Provisions	258.6	347.5	331.0	230.4
Unused Credit Line	20.0	10.7	3.3	4.8
Household	16.2	12.4	15.3	12.9
Provisions	15.7	12.4	15.2	12.8
Unused Credit Line	0.5	0.0	0.1	0.1
Credit Card	3.5	12.6	16.1	9.7
Provisions	-6.8	9.2	14.4	11.4
Unused Credit Line	10.3	3.4	1.7	-1.7
Sub Total	298.3	383.2	365.7	257.8
Recoveries & Other Provisions	10.3 ¹⁾	-91.4	-67.4	-53.1
Net Provisioning	308.6	291.8	298.3	204.7

1) Write-back from NPL Sales (KRW -10.3bn) included

Delinquency (Bank)



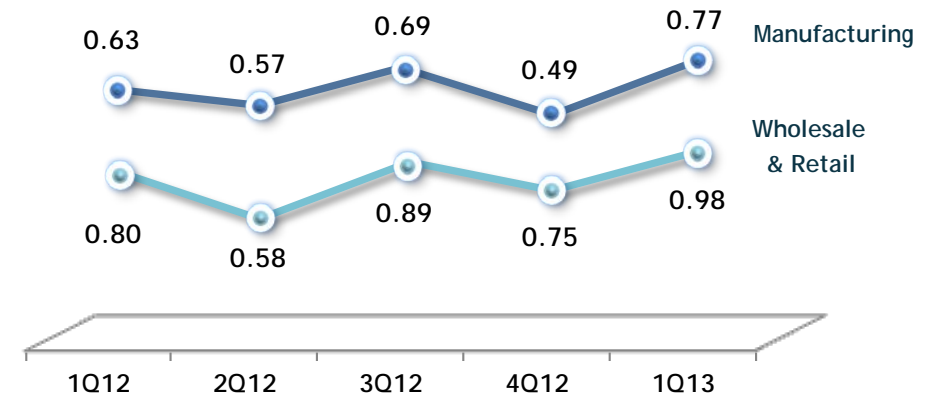
Delinquency by Operation (%)



(%)	1Q12	2Q12	3Q12	4Q12	1Q13
Total	0.81	0.73	0.85	0.63	0.83
Corporate	0.83	0.75	0.89	0.65	0.87
Household	0.75	0.65	0.66	0.52	0.65
Credit Card	1.50	1.30	1.40	1.55	1.59

▪ Principal or Interest of 30+days past due

Delinquency by Industry (%)



(%)	1Q12	2Q12	3Q12	4Q12	1Q13
Manufacturing	0.63	0.57	0.69	0.49	0.77
Construction	1.28	1.27	1.77	1.29	1.60
Lease & Rental	2.01	2.04	2.02	1.41	1.36
Wholesale & Retail	0.80	0.58	0.89	0.75	0.98
Lodging & Dining	0.57	0.68	0.63	0.45	1.57

▪ Principal or Interest of 30+days past due



v **Capital Adequacy** (Consol.)

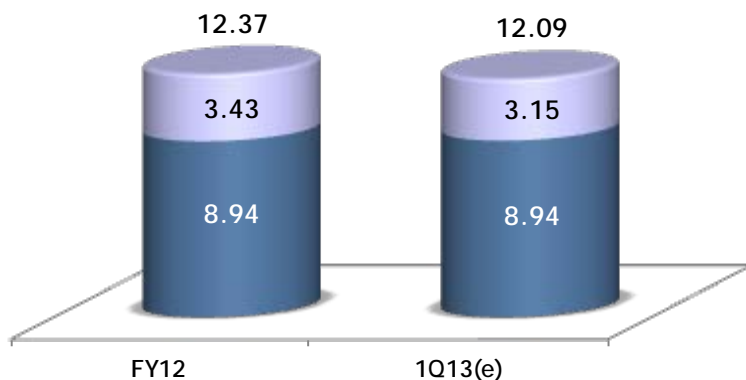
Capital Adequacy (Consol.)



BIS CAR

(%)

■ Tier I ■ Tier II



Top 3 Investment Securities

Name	Ownership	Valuation Gains
KT&G	6.9%	KRW 515.7bn
Shinsegae	3.4%	KRW 2.5bn
E-mart	3.4%	KRW -25.6bn ¹⁾

1) Recognized as impairment loss in 1Q13

(KRW bn, %)	1Q13(e)	FY12	FY11
Tier I	11,400	11,242	10,554
Paid-in Capital	2,996	2,996	2,996
Capital Surplus	457	454	454
Retained Earnings	9,132	9,135	8,379
Hybrid Capital	824	824	824
Minority Interest	75	74	73
Tier II	4,007	4,321	3,278
LLR	510	506	459
45% of Gains on Valuation of Investment Securities	219	226	225
Subordinated Bonds	2,928	3,248	2,268
Total	15,406	15,563	13,832
Risk-Weighted Assets	127,442	125,799	118,216
BIS CAR	12.09	12.37	11.70
Tier I	8.94	8.94	8.93
Tier II	3.15	3.43	2.77



VI Appendix

- SME Loans by Industry (Bank)

SME Loans by Industry (Bank)



(KRW bn)	1Q13				4Q12	
	Amount	(%)	Change	(%p)	Amount	(%)
Manufacturing	66,796	63.1	929	-0.3	65,867	63.4
Textile	2,714	2.6	19	-	2,695	2.6
Apparel & Leather	1,729	1.6	17	-	1,712	1.6
Chemical Products	3,738	3.5	71	-	3,667	3.5
Rubber & Plastic Products	5,921	5.6	88	-	5,833	5.6
Basic Metals	4,463	4.2	77	-	4,386	4.2
Fabricated Metals	9,274	8.8	169	-	9,105	8.8
Other Machinery	12,581	11.9	73	-0.1	12,508	12.0
Electronic Machinery	3,913	3.7	58	-	3,855	3.7
Communications Devices	5,107	4.8	91	-	5,016	4.8
Automobiles	5,288	5.0	91	-	5,197	5.0
Others	12,069	11.4	177	-	11,892	11.4
Construction	4,642	4.4	278	0.2	4,364	4.2
Wholesale & Retail	17,598	16.6	387	-	17,211	16.6
Real Estate Lease & Rental	5,567	5.3	37	-	5,530	5.3
Lodging & Dining	818	0.8	23	-	795	0.8
Others	10,378	9.8	200	-	10,178	9.8
Transport & Warehousing	1,852	1.7	48	-	1,804	1.7
Business Services ¹⁾	1,580	1.5	0	-	1,580	1.5
Other Services ²⁾	6,946	6.6	152	0.1	6,794	6.5
Total	105,799	100.0	1,855	-	103,944	100.0

▪ SME Loans (including Loans in FCY)

1) Information Processing, R&D Business, Technology Services, Assistance Services, etc.

2) Agriculture, Forestry, Fishery, Mining, Electricity/Gas/Water, Education, Finance/Insurance, Government Services, etc.