



Industrial Bank of Korea

1Q14 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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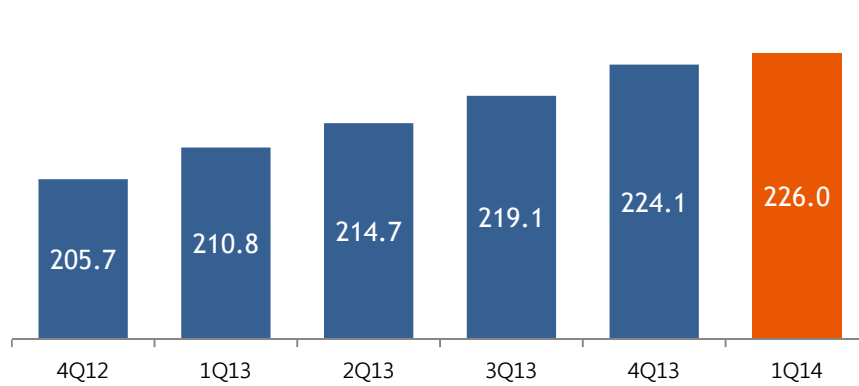
I Financial Highlights (Bank)



Financial Highlights (1)

Total Assets

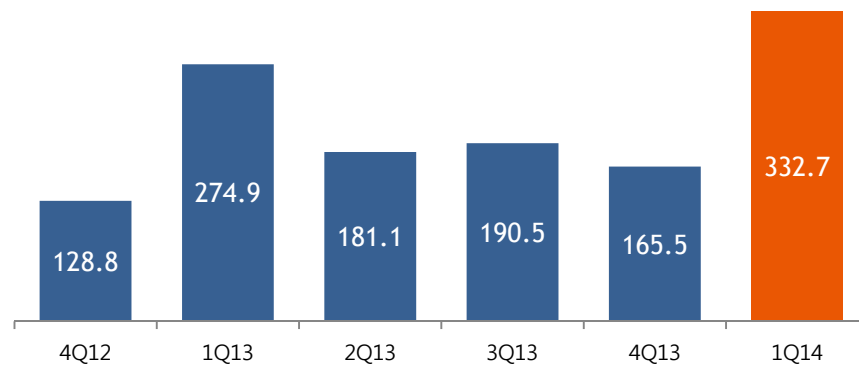
(KRW tr)



▪ Incl. Trust Accounts

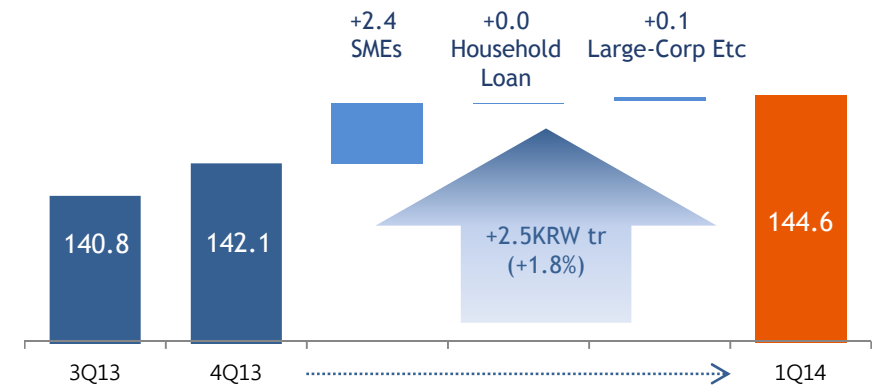
Net Income

(KRW bn)



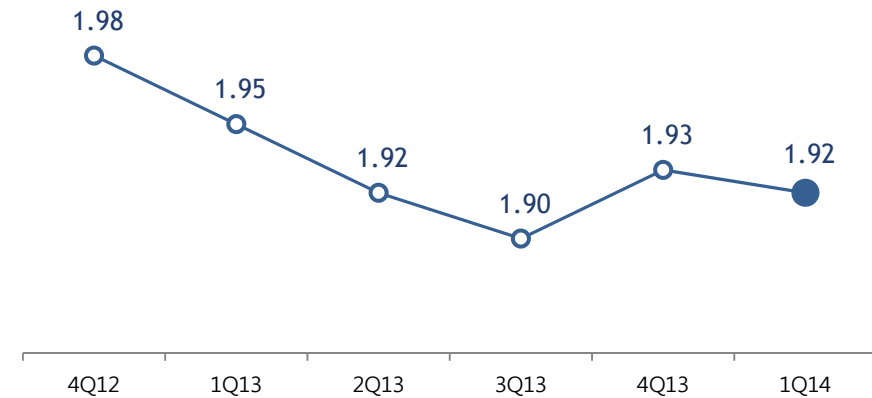
Total Loan Growth(QoQ)

(KRW tr)



NIM(Quarterly)

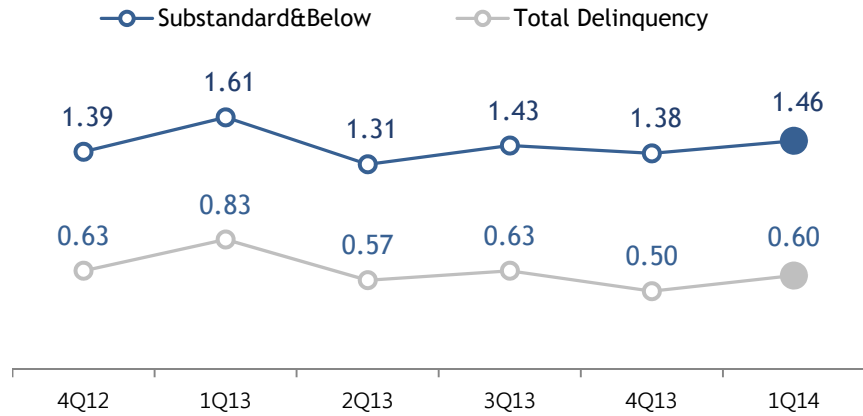
(%)



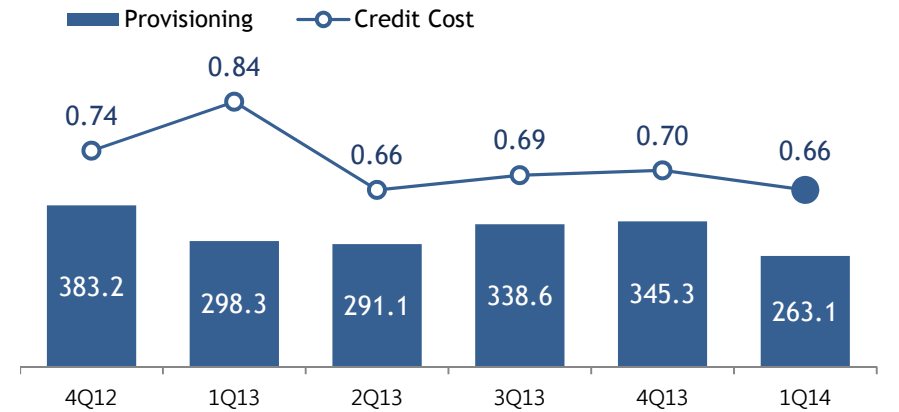


Financial Highlights (2)

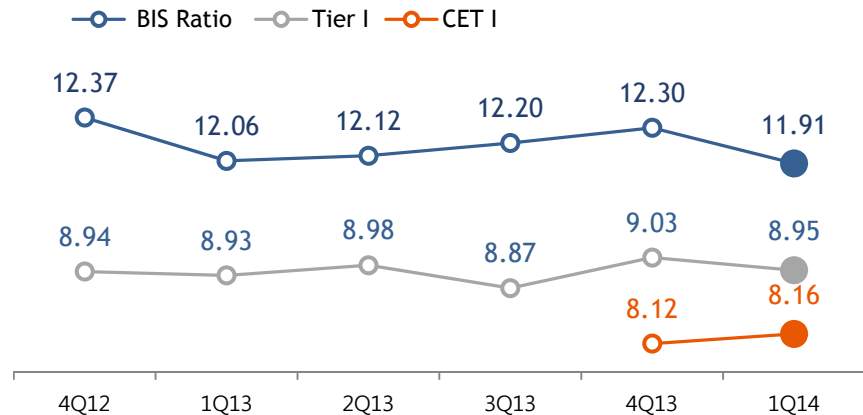
Substandard & Below · Total Delinquency (%)



Provisioning · Credit Cost (% , KRW bn)

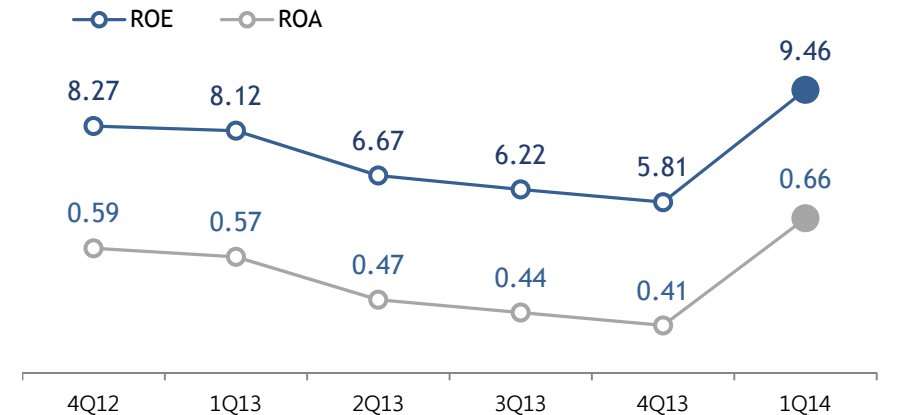


BIS CAR (%)



▪ Reports under BASEL III starting 4Q13

ROE·ROA (%)





II Profitability

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

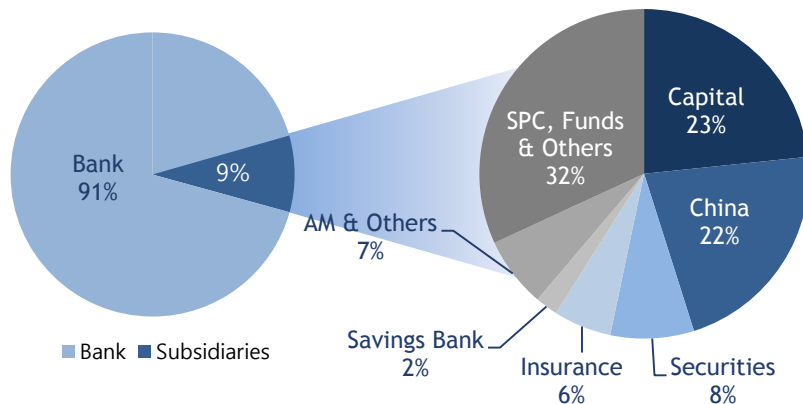


Income (Consol.)

Income Details(Consol.)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Bank	332.7	101.0	165.5	274.9	21.0
Subsidiaries	31.7	890.6	3.2	21.9	44.7
IBK Capital	7.4	100.0	3.7	9.1	-18.7
IBK Securities	2.6	-3.7	2.7	3.1	-16.1
IBK China	6.9	43.8	4.8	-2.7	-
IBK Insurance	1.8	-18.2	2.2	-	-
IBK Savings Bank	0.7	-	-9.8	-	-
IBK AM & Others (3)	2.2	120.0	1.0	1.4	57.1
SPC, Funds & Others	10.1	-	-1.4	11.0	-8.2
Adjustments	-37.5	-	-	-39.3	1.0
Consolidated Net Income	326.9	93.7	168.7	257.5	27.0

Income Composition



Income Statement(Consol.)

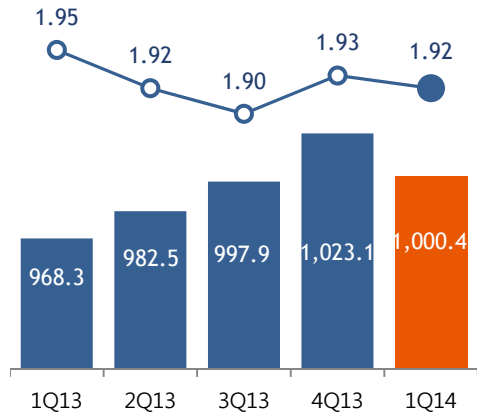
(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Interest Income	1,081.0	-2.1	1,103.7	1,021.8	5.8
Non-interest Income	65.4	-	-5.3	52.0	25.8
SG&A Expenses	439.3	-20.5	552.3	429.6	2.3
Pre-provisioning Operating Profit(PPOP)	707.1	29.5	546.1	644.2	9.8
Net Provisioning	262.9	-14.1	305.9	306.7	-14.3
Operating Income	444.2	84.9	240.2	337.5	31.6
Non-operating Income	-9.2	-	-3.3	8.8	-
Pre-tax Income	435.0	83.6	236.9	346.3	25.6
Income Tax	108.1	58.5	68.2	88.8	21.7
Consolidated Net Income	326.9	93.8	168.7	257.5	27.0



Income and Interest Income (Bank)

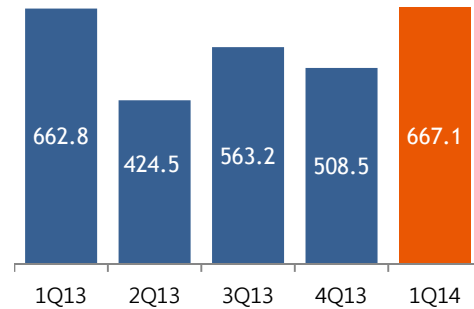
NIM · Interest Income

(%,KRW bn)



PPOP

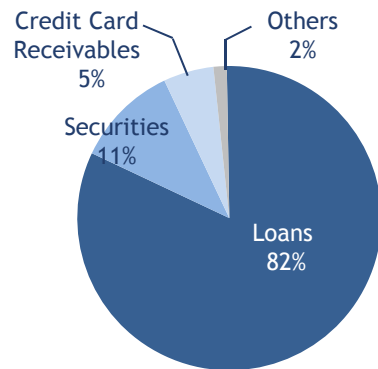
(KRW bn)



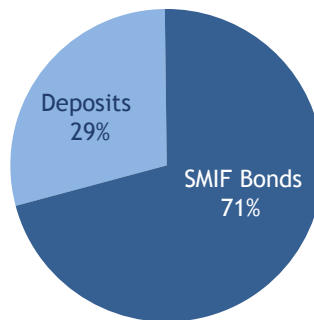
Income Statement(Bank)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Interest Income	1,000.4	-2.2	1,023.1	968.3	3.3
Non-interest Income	74.2	-	-1.1	94.2	-21.2
SG&A Expense	407.5	-20.6	513.5	399.7	2.0
PPOP	667.1	31.2	508.5	662.8	0.6
Net Provisioning	257.4	-8.6	281.6	308.6	-16.6
Operating Profit	409.7	80.6	226.9	354.3	15.6
Non-operating Inc.	30.4	-	-1.7	8.9	241.6
Pre-tax Income	440.1	95.4	225.2	363.1	21.2
Income Tax	107.4	80.2	59.6	88.3	21.6
Net Income	332.7	101.0	165.5	274.9	21.0

Interest Revenue



Interest Expense



Interest Income Details(Bank)

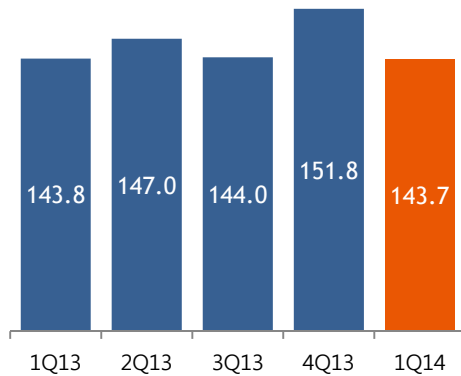
(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Interest Revenue	2,000.2	-2.5	2,051.5	2,087.0	-4.2
Loans	1,646.1	-2.6	1,689.2	1,690.9	-2.6
Credit Card Rec.	107.0	-1.3	108.3	99.7	7.2
(Credit Purchase)	98.6	-1.0	99.6	89.9	9.7
Securities	218.9	-3.5	226.8	256.5	-14.7
Others	28.2	3.7	27.2	39.9	-29.3
Interest Expense	999.8	-2.8	1,028.5	1,118.7	10.6
Deposits	289.8	-6.4	309.5	371.0	-21.9
SMIF Bonds & etc.	710.0	-1.2	718.9	747.7	-5.0
Interest Income	1,000.4	-2.2	1,023.1	968.3	3.3



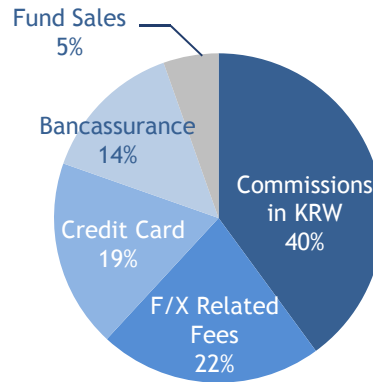
▶ Non-interest Income and SG&A (Bank)

Fee Income

(KRW bn)



Fee Income Breakdown



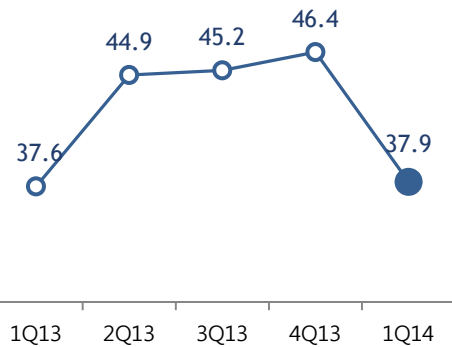
Non-Interest Income(Bank)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Fee Income	143.7	-5.3	151.8	143.8	-0.1
Commissions in KRW	57.4	-11.7	65.0	57.4	0.0
F/X-Related Fees	31.5	-5.7	33.4	30.8	2.3
Bancassurance	20.4	3.0	19.8	26.1	-21.8
Credit Card	26.6	3.9	25.6	21.4	24.3
Fund Sales	7.8	-1.3	7.9	8.2	-4.9
Other Non-interest Income	-69.5	-	-152.9	-49.7	-
Securities-Related Gain	53.9	254.6	15.2	55.2	-2.4
Gain/Loss on Loan Disposal	38.2	-	-26.0	41.1	-7.1
Others	-174.3	-	-157.6	-156.1	-
Trust Income	12.7	-18.1	15.5	10.1	25.7
Net Non-interest Income	74.2	-	-1.1	94.2	-21.2

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

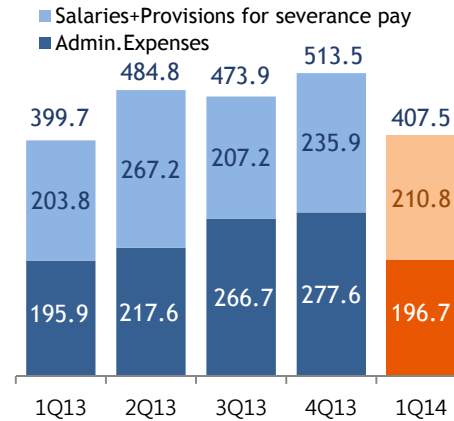
Cost to Income Ratio

(%)



SG&A

(KRW bn)



SG&A(Bank)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
SG&A Expenses	407.5	-20.6	513.5	399.7	2.0
Salaries	189.8	-10.7	212.5	181.0	4.9
Admin. Expenses (Depreciation)	196.7	-29.1	277.6	195.9	0.4
Provisions for Severance Pay	26.8	-31.5	39.1	34.1	-21.4
Non-operating Income	30.4	-	-1.8	8.9	241.6
Non-op. Revenue	43.3	88.3	23.0	21.8	98.6
Non-op. Expense	12.9	-48.0	24.8	12.9	0.0



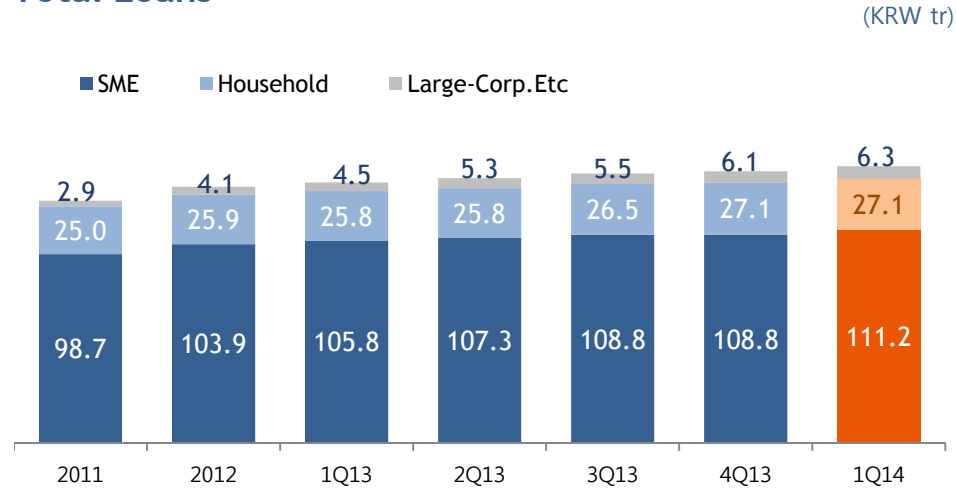
III Loans · Deposits (Bank)

- 1. Loan Portfolio**
- 2. Deposit Structure**



Loan Portfolio (Bank)

Total Loans



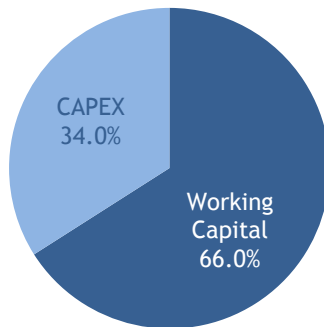
Total Loans(Bank)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
SME	111,237	2.2	108,830	105,799	5.1
Working Capital	73,391	2.0	71,952	71,067	3.3
CAPEX	37,846	2.6	36,878	34,732	9.0
Household¹⁾	27,083	-	27,085	25,794	5.0
General	15,273	1.5	15,042	14,084	8.4
Housing Loan	11,810	-1.9	12,043	11,710	0.9
Large Corp.	5,454	2.3	5,329	3,888	40.3
Others	838	3.6	810	632	32.8
Total	144,612	1.8	142,053	136,114	6.2

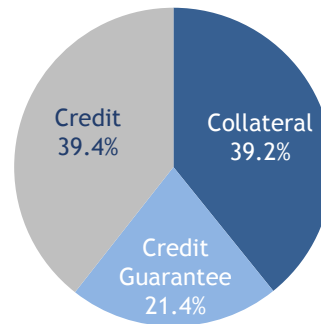
▪ Loan Portfolio : SME 76.9%, Household 18.7%, Large Copr.&Others 4.4%

1) 25.7bn of Credit Card Loans, 243.7bn of U-KHFC Loans & 19.1bn of Conforming Loans included

SME Loans by purpose



SME Loans by Collateral



SME Loans by Industry(Bank)

(KRW bn)	1Q14			4Q13		
	Amount	(%)	Change	(%p)	Amount	(%)
Manufacturing	69,939	62.9	1,615	0.1	68,324	62.8
Wholesale & Retail	18,352	16.5	264	-0.1	18,088	16.6
Real Estate Lease & Rental	6,203	5.6	1	-0.1	6,202	5.7
Construction	4,445	4.0	240	0.1	4,205	3.9
Lodging & Dining	975	0.9	41	0.0	934	0.9
Others	11,323	10.1	246	0.0	11,077	10.1
Total	111,237	100.0	2,407	-	108,830	100.0

▪ SME Loans (including Loans in FCY)

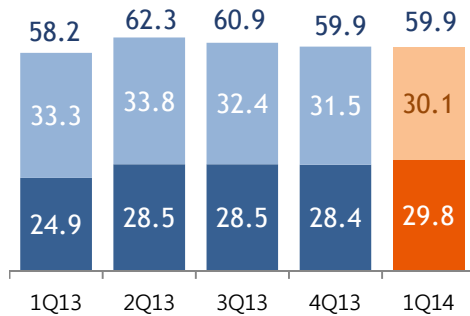


Deposit Structure (Bank)

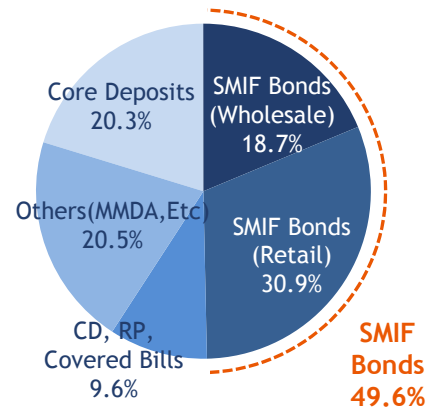
Deposits

(KRW tr)

■ Core Deposits ■ MMDA+Others



Deposit Breakdown



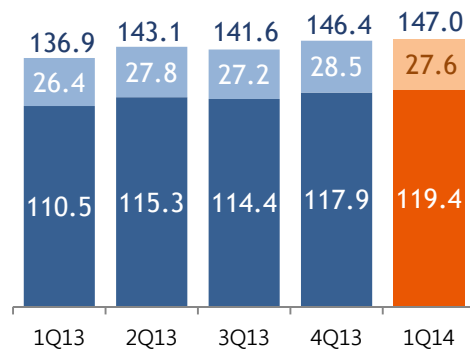
Total Deposits(Bank)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Deposits	59,932	0.1	59,898	58,199	3.0
Core Deposits ¹⁾	29,763	4.9	28,383	24,889	19.6
MMDA	7,281	-11.5	8,225	7,581	-4.0
Other Deposits	22,888	-1.7	23,290	25,729	-11.0
CD, Covered Bills, RP	13,975	-7.2	15,065	15,506	-9.9
SMIF Bonds	73,068	2.2	71,485	63,213	15.6
Retail-funded	45,445	5.7	42,987	36,799	23.5
Wholesale-funded	27,623	-3.1	28,498	26,414	4.6
Sub Total	146,975	0.4	146,448	136,918	7.3
Trust ²⁾	14,762	2.1	14,457	13,006	13.5
Total Deposits	161,737	0.5	160,905	149,924	7.9

Funding Breakdown

(KRW tr)

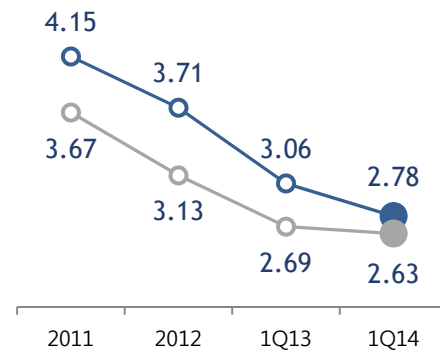
■ Retail-Funded ■ Wholesale-Funded



SMIF Bonds Yields

(%)

○ Retail ○ Wholesale



▪ 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 (Bank)

- 1. Asset Quality**
- 2. Provisioning**

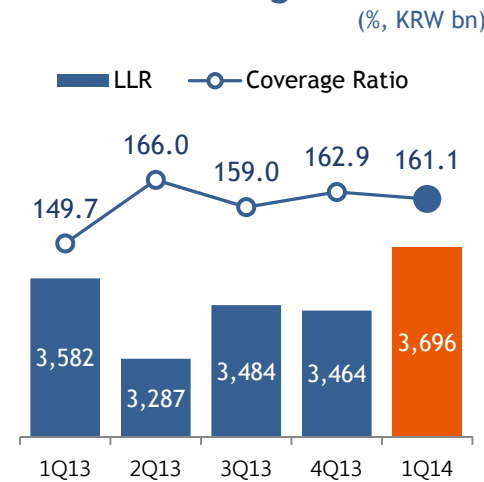


Asset Quality (Bank)

Substandard & Below (%)



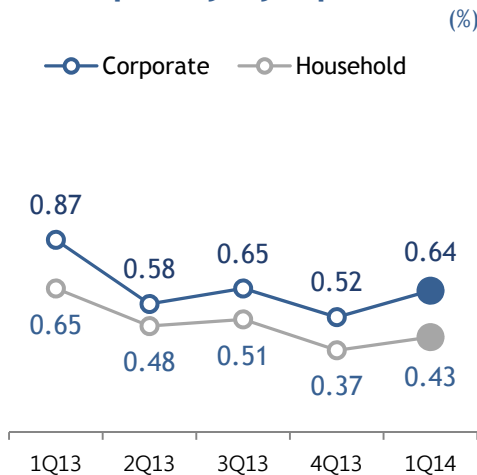
LLR & Coverage Ratio (% , KRW bn)



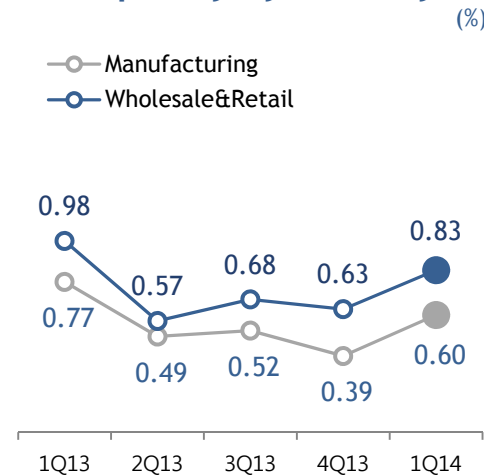
Substandard & Below(Bank)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Total Loan¹⁾	157,448	2.1	154,204	148,602	6.0
Normal	152,532	2.0	149,541	143,738	6.1
Precautionary	2,621	3.3	2,537	2,470	6.1
Subs & Below	2,295	7.9	2,127	2,394	-4.1
<i>Substandard</i>	1,697	7.2	1,583	1,645	3.2
<i>Doubtful</i>	145	-37.8	238	238	-37.8
<i>Estimated Loss</i>	453	48.5	305	511	-11.4
Sub & Below Ratio	1.46%	0.08%p	1.38%	1.61%	0.15%p
Loan Loss Reserves ²⁾	3,696	6.7	3,464	3,582	3.2
Coverage Ratio	161.1%	-1.8%p	162.9%	149.7%	11.4%p
Write-offs (Quarterly)	131.3	-56.9	304.8	58.3	125.2

Delinquency by Operation (%)



Delinquency by Industry (%)



▪ Principal or Interest of +30 days past due

▪ Principal or Interest of +30 days past due

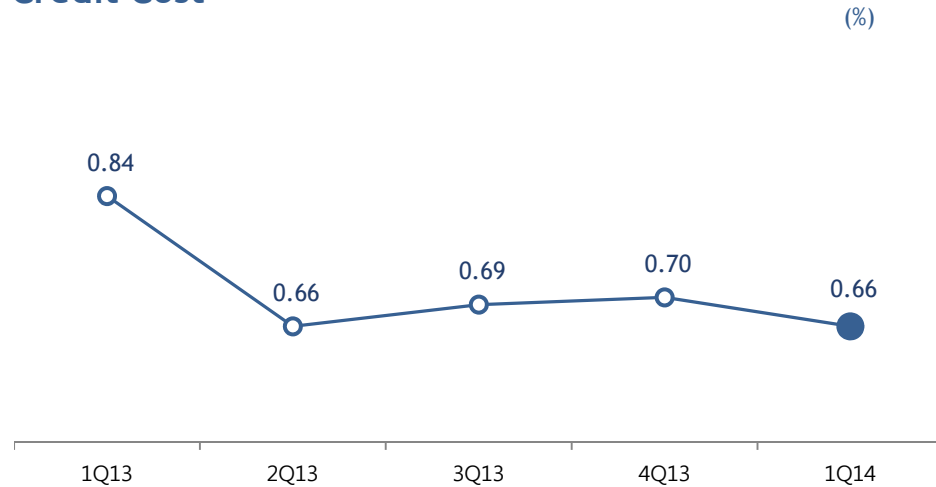
1) Total Credit

2) KRW 1,703.7bn of Reserve for Credit Loss included

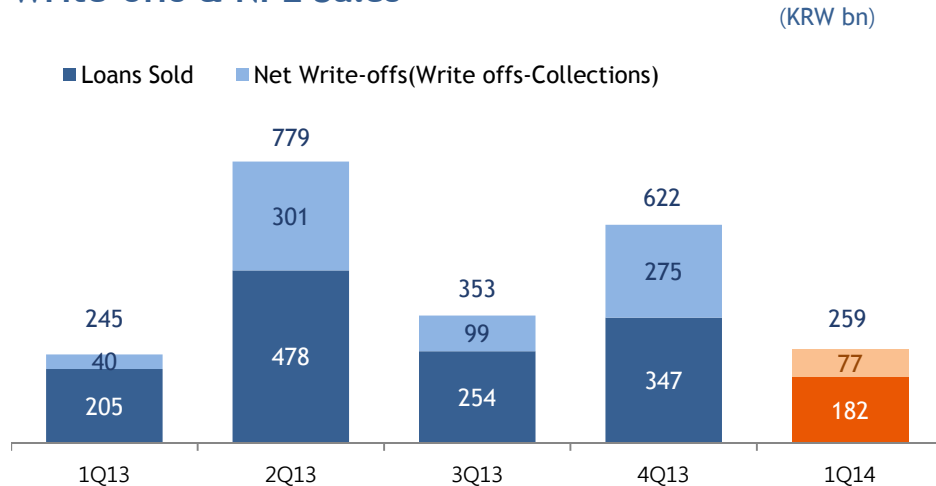


Provisioning (Bank)

Credit Cost



Write-offs & NPL Sales



Provisioning(Bank)

(KRW bn)	1Q14	QoQ%	4Q13	1Q13	YoY%
Corporate	237.1	-26.7	323.6	278.6	-14.9
Provisioning	241.4	-24.3	318.7	258.6	-6.7
Unused Credit Line	-4.3	-	4.9	20.0	-
Household	11.1	48.0	7.5	16.2	-31.5
Provisioning	11.1	46.1	7.6	15.7	-29.3
Unused Credit Line	0.0	-	-0.1	0.5	-100.0
Credit Card	14.9	4.9	14.2	3.5	325.7
Provisioning	14.5	7.4	13.5	-6.8	-
Unused Credit Line	0.4	-42.9	0.7	10.3	-96.1
Sub Total	263.1	-23.8	345.3	298.3	-11.8
Recoveries & Other Provisioning	-5.7 ¹⁾	-91.1	-63.7	10.3	-
Net Provisioning	257.4	-8.6	281.6	308.6	-16.6

1) Write-back from NPL Sales (KRW6.0bn) included

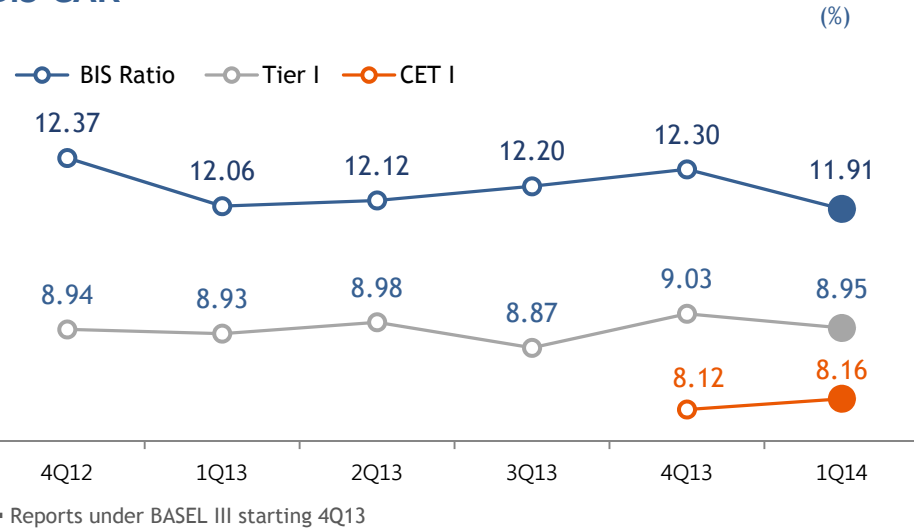


V Capital Adequacy (Consol.)

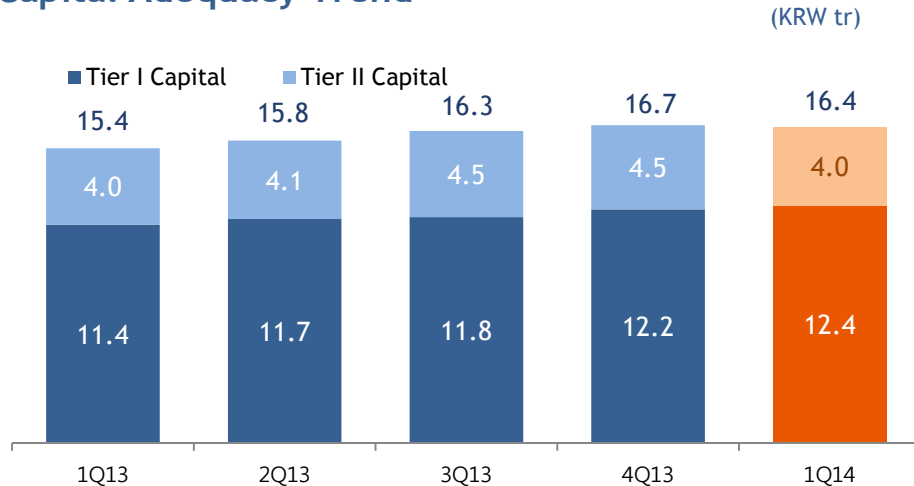


Capital Adequacy (Consol.)

BIS CAR



Capital Adequacy Trend



Capital Adequacy & BIS CAR

(KRW bn, %)	1Q14(e) (Basel III)	4Q13 (Basel III)	3Q13 (Basel II)
Tier I	12,353	12,245	11,817
Common Equity Tier I	11,257	11,010	-
Common Shares Issued	2,763	2,751	-
Stock Surplus	497	509	-
Retained Earnings	9,834	9,500	-
Accum Other Comprehensive Income	459	417	-
Additional Tier I	1,097	1,235	-
Tier II	4,078	4,435	4,436
LLR	450	429	539
Provision in excess of Expected Loss	561	556	-
Subordinated Bonds	3,062	3,445	3,328
Total	16,431	16,680	16,253
Risk-Weighted Assets	137,967	135,559	133,252
BIS Ratio	11.91	12.30	12.20
Tier I	8.95	9.03	8.87
CET I (Note)	8.16	8.12	-
Tier II	2.96	3.27	3.33

Note) Common Equity Tier I



VI Appendix

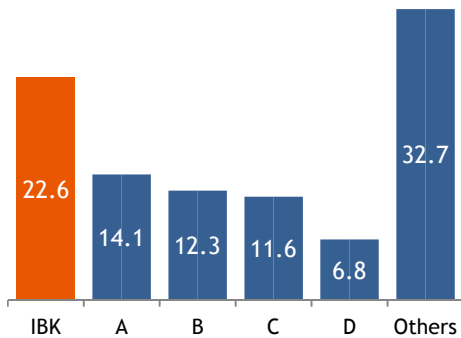
- SME Loan & SMIF Bond Details



SME Loan & SMIF Bond Details

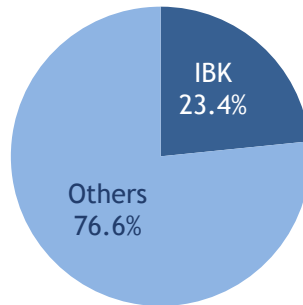
SME Loan

SME Market Share (%)



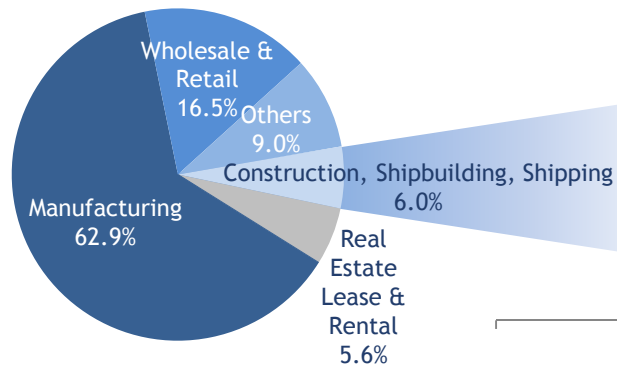
- BOK reported standard
- 1Q14 SME loan balance by banks

Net Growth of SME M/S (%)

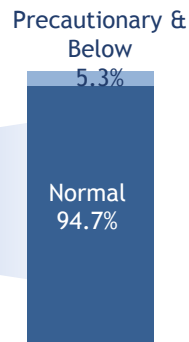


- BOK reported standard
- 1Q14 SME loan balance by banks

SME Loans by Industry



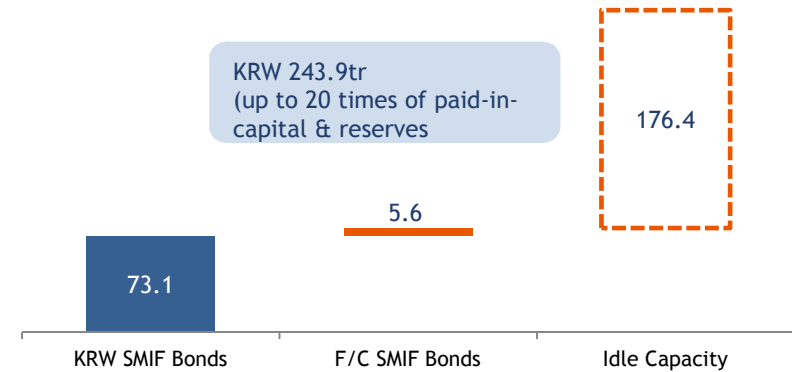
Asset Quality Breakdown (%)



1Q14

SMIF Bond

SMIF Bond Bal. & Issuance Limit (KRW tr)



SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	63.1	5.2	0.8	0.3	3.7	73.1
%	86.3%	7.1%	1.1%	0.4%	5.1%	100.0%

- Monthly average B/S balance