



# Industrial Bank of Korea

## 3Q14 Earnings Release



## Disclaimer

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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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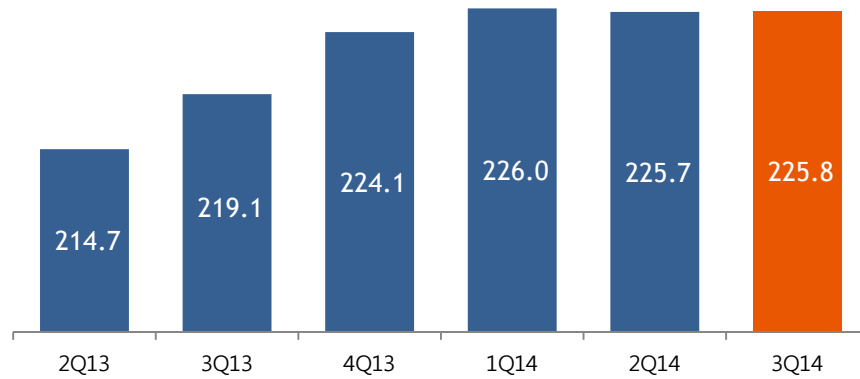
# I Financial Highlights (Bank)



# Financial Highlights (Bank)

## Total Assets

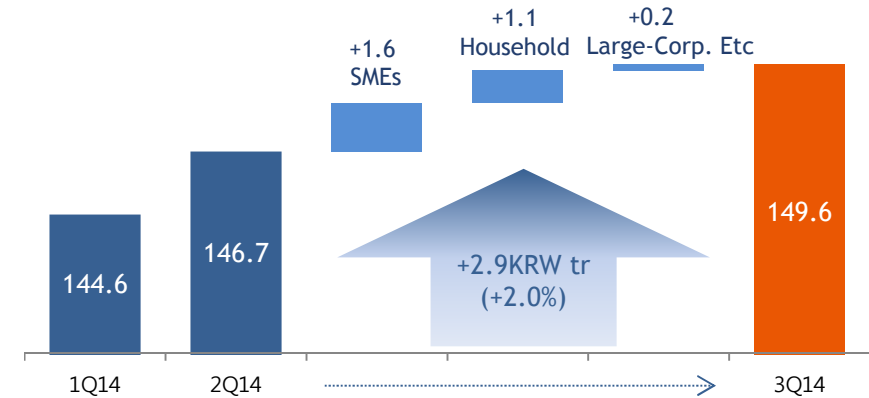
(KRW tr)



▪ Incl. Trust Accounts

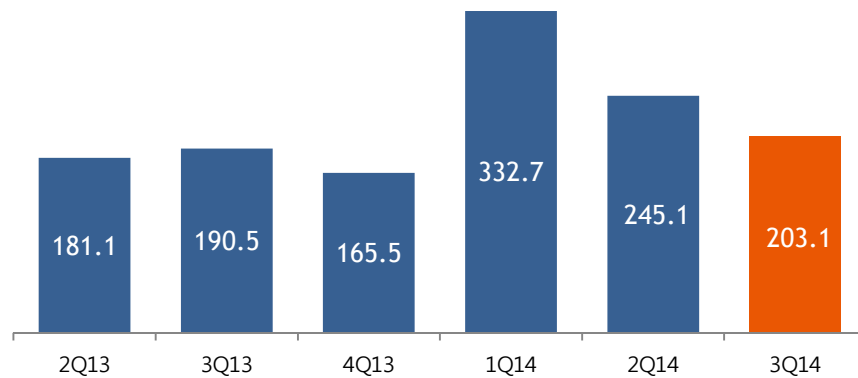
## Total Loan Growth

(KRW tr)



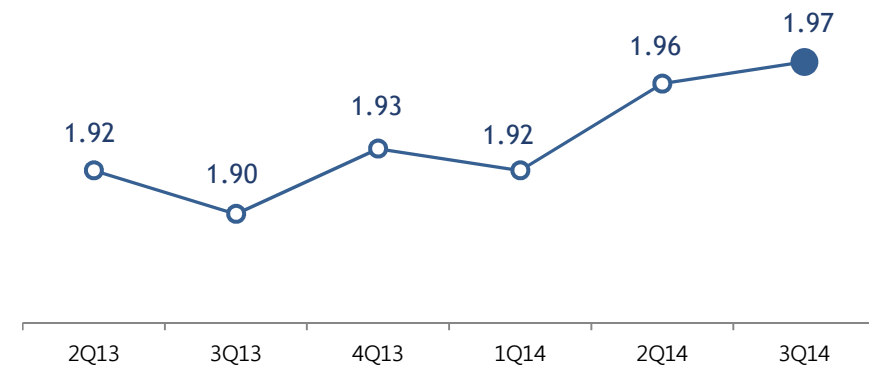
## Net Income

(KRW bn)



## NIM(Quarterly)

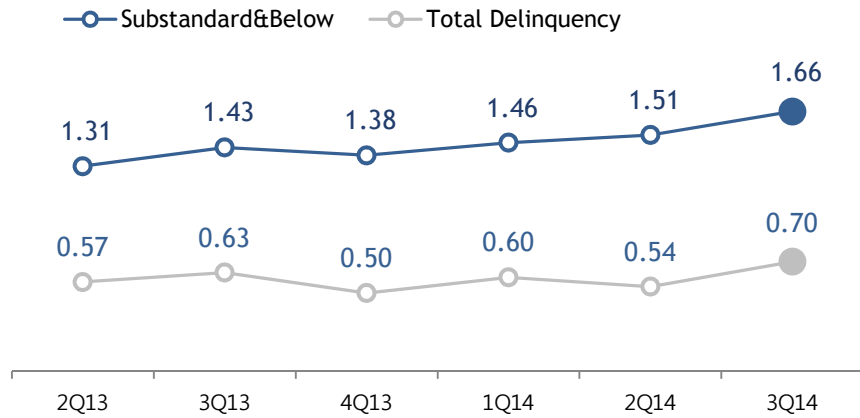
(%)



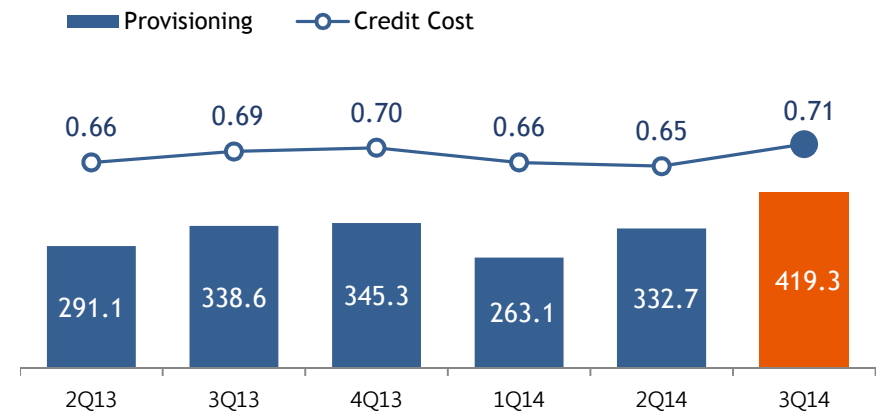


# Financial Highlights (Bank)

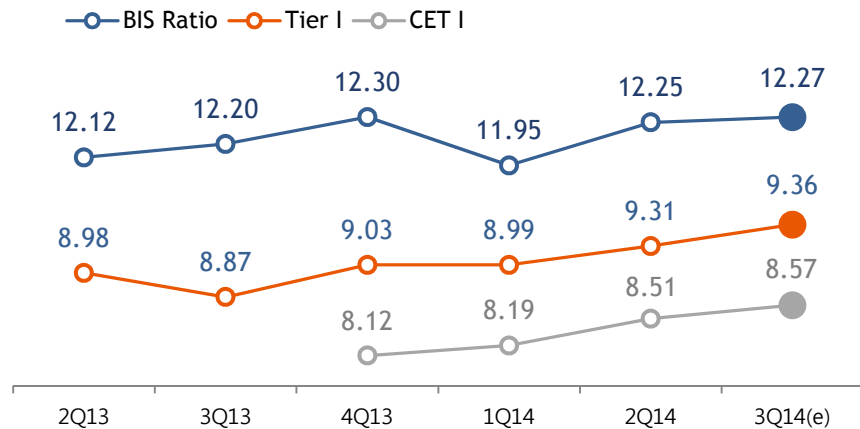
### Substandard & Below · Total Delinquency (%)



### Provisioning · Credit Cost (% , KRW bn)

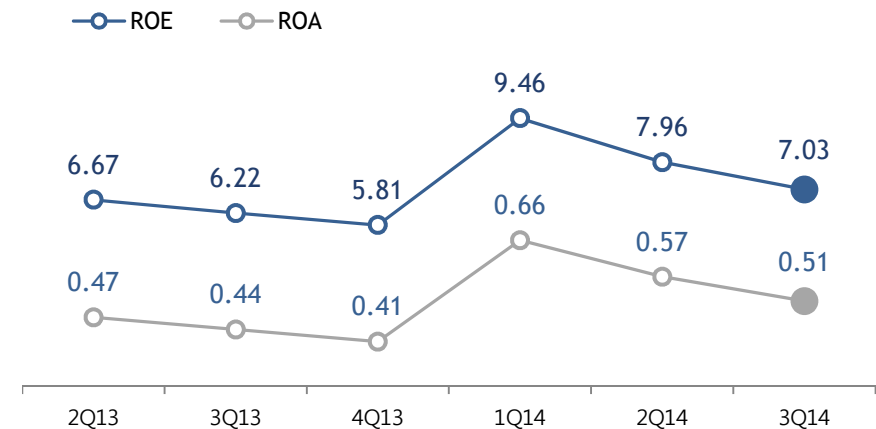


### BIS CAR (%)



▪ Reports under BASEL III starting 4Q13(Consol.)

### 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.)

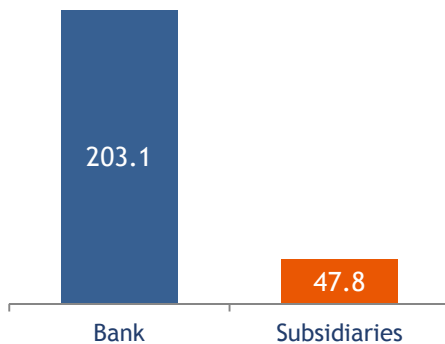
(KRW bn)	3Q14	QoQ%	2Q14	3Q13	YoY%
Bank	203.1	-17.1	245.1	190.5	6.6
Subsidiaries	47.8	-24.6	63.4	31.8	50.3
IBK Capital	15.5	6.9	14.5	11.1	39.6
IBK Securities	5.8	93.3	3.0	1.9	205.3
IBK China	5.5	0.0	5.5	7.7	-28.6
IBK Savings Bank	3.7	12.1	3.3	1.3	184.6
IBK Insurance	2.2	-78.4	10.2	2.9	-24.1
IBK AM & Others (3)	1.9	-20.8	2.4	1.9	0.0
SPC, Funds & Others	13.2	-46.1	24.5	5.0	164.0
Adjustments	-17.1	-	-15.9	-4.8	-
Consolidated Net Income	233.8	-20.1	292.6	217.5	7.5

## Income Statement(Consol.)

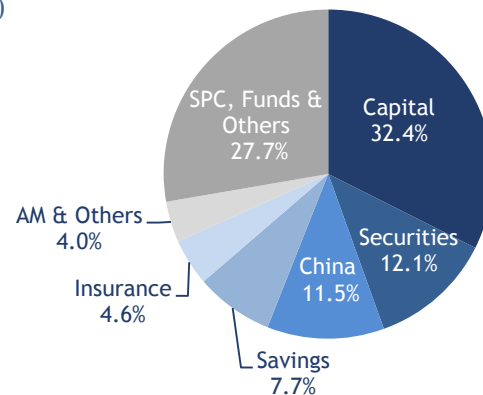
(KRW bn)	3Q14	QoQ%	2Q14	3Q13	YoY%
Interest Income	1,160.3	4.1	1,114.1	1,077.5	7.7
Non-interest Income	-5.1	-	58.8	69.7	-
SG&A Expenses	473.1	-11.1	531.9	512.3	-7.7
Pre-provisioning Operating Profit(PPOP)	682.1	6.4	641.0	634.9	7.4
Net Provisioning	366.2	39.8	262.0	331.5	10.5
Operating Income	315.9	-16.6	379.0	303.4	4.1
Non-operating Income	-13.8	-	-1.9	-18.1	-
Pre-tax Income	302.1	-19.9	377.1	285.3	5.9
Income Tax	68.3	-19.2	84.5	67.8	0.7
Consolidated Net Income	233.8	-20.1	292.6	217.5	7.5

## Income Comparison(3Q14)

(KRW bn)



## Subsidiary Breakdown(3Q14)



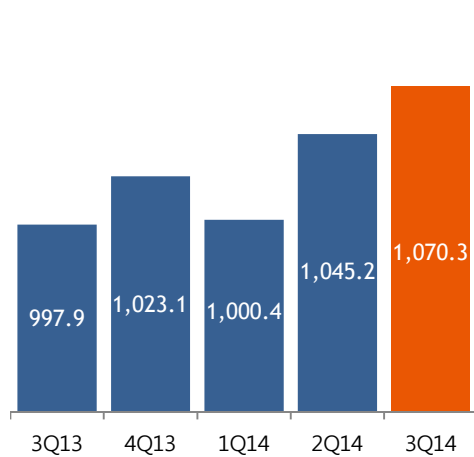




# Income and Interest Income (Bank)

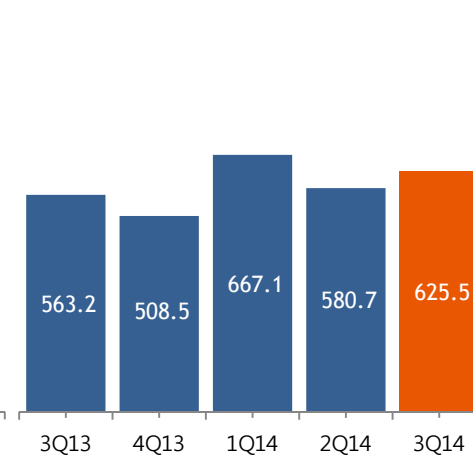
## Interest Income

(KRW bn)



## PPOP

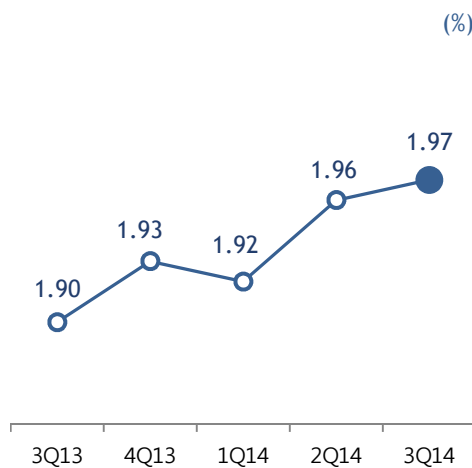
(KRW bn)



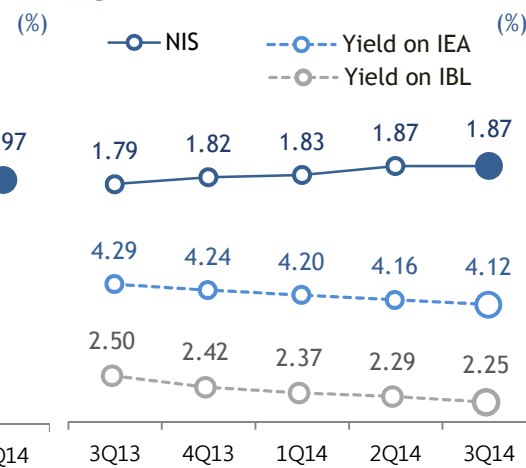
## Income Statement(Bank)

(KRW bn)	3Q14	QoQ%	2Q14	3Q13	YoY%
Interest Income	1,070.3	2.4	1,045.2	997.9	7.3
Non-interest Income	-4.9	-	32.5	39.2	-
SG&A Expense	439.9	-11.5	497.0	473.9	-7.2
PPOP	625.5	7.7	580.7	563.2	11.1
Net Provisioning	353.9	38.9	254.8	297.4	19.0
Operating Income	271.6	-16.7	325.9	265.8	2.2
Non-operating Income	-7.8	-	-9.8	-15.4	-
Pre-tax Income	263.8	-16.5	316.1	250.3	5.4
Income Tax	60.7	-14.5	71.0	59.9	1.3
Net Income	203.1	-17.1	245.1	190.5	6.6

## NIM



## NIS



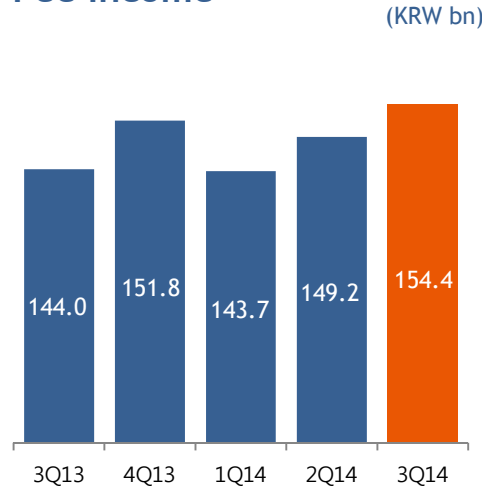
## Interest Income Details(Bank)

(KRW bn)	3Q14	QoQ%	2Q14	3Q13	YoY%
Interest Revenue	2,048.1	1.0	2,027.4	2,043.1	0.2
Loans	1,703.8	1.5	1,679.2	1,673.7	1.8
Credit Card Rec. (Credit Purchase)	112.7	2.8	109.6	105.2	7.1
Securities	205.7	-1.2	208.2	232.2	-11.4
Others	25.9	-14.8	30.4	32.0	-19.1
Interest Expense	977.8	-0.4	982.2	1,045.2	-6.4
Deposits	294.1	2.8	286.0	330.9	-11.1
SMIF Bonds & etc.	683.7	-1.8	696.2	714.4	-4.3
Interest Income	1,070.3	2.4	1,045.2	997.9	7.3

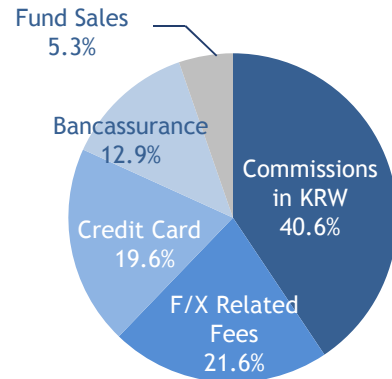


# ▶ Non-interest Income and SG&A (Bank)

## Fee Income



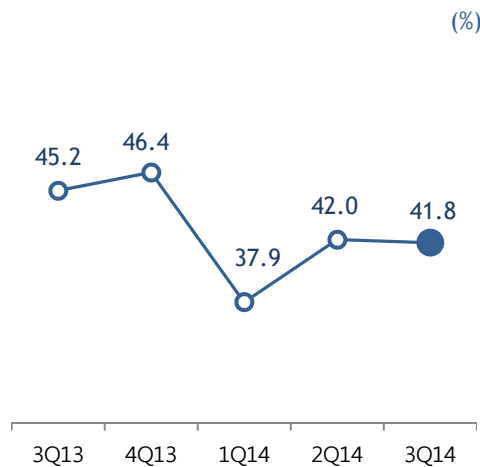
## Fee Income Breakdown(3Q14) Non-Interest Income(Bank)



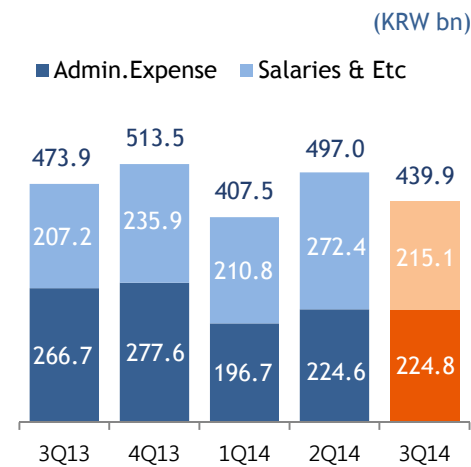
(KRW bn)	3Q14	QoQ%	2Q14	3Q13	YoY%
<b>Fee Income</b>	<b>154.4</b>	<b>3.5</b>	<b>149.2</b>	<b>144.0</b>	<b>7.2</b>
Commissions in KRW	62.7	7.2	58.5	58.7	6.8
F/X-Related Fees	33.3	-1.8	33.9	34.1	-2.3
Bancassurance	19.9	-2.9	20.5	18.3	8.7
Credit Card	30.3	6.3	28.5	24.8	22.2
Fund Sales	8.2	5.1	7.8	8.1	1.2
<b>Other Non-interest Income</b>	<b>-159.3</b>	<b>-</b>	<b>-116.7</b>	<b>-104.8</b>	<b>-</b>
Securities-Related Gain	39.5	58.6	24.9	21.6	82.9
Gain/Loss on Loan Disposal	-11.5	-	-2.9	3.7	-
Others <sup>1)</sup>	-200.1	-	-151.1	-141.5	-
Trust Income	12.8	3.2	12.4	11.4	12.3
<b>Net Non-interest Income</b>	<b>-4.9</b>	<b>-</b>	<b>32.5</b>	<b>39.2</b>	<b>-</b>

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

## Cost to Income Ratio



## SG&A



## SG&A(Bank)

(KRW bn)	3Q14	QoQ%	2Q14	3Q13	YoY%
<b>SG&amp;A Expenses</b>	<b>439.9</b>	<b>-11.5</b>	<b>497.0</b>	<b>473.9</b>	<b>-7.2</b>
Salaries	193.8	-22.9	251.3	184.0	5.3
Admin. Expenses (Depreciation)	224.8	0.1	224.6	266.7	-15.7
Provisions for Severance Pay	30.3	5.9	28.6	34.9	-13.2
21.3	0.9	21.1	23.2	-8.2	
<b>Non-operating Income</b>	<b>-7.8</b>	<b>-</b>	<b>-9.8</b>	<b>-15.4</b>	<b>-</b>
Non-op. Revenue	0.6	-	-1.9	8.2	-92.7
Non-op. Expense	8.4	6.3	7.9	23.6	-64.4



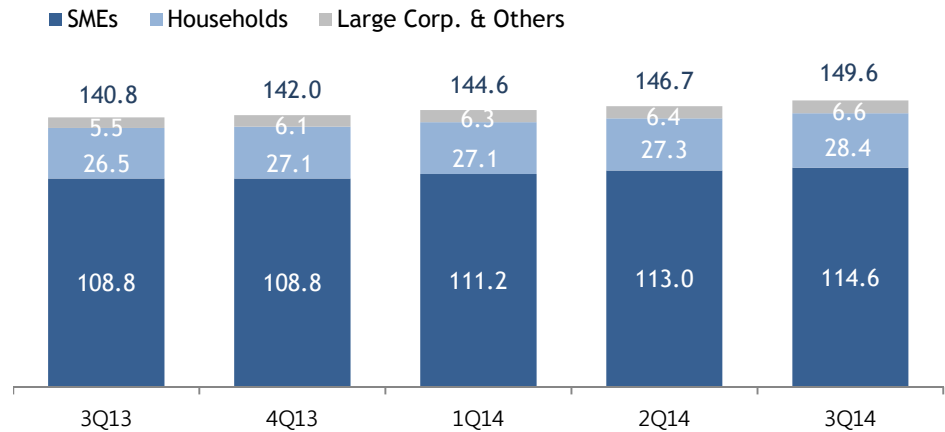
## **Ⅲ Loans · Deposits (Bank)**

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



# Loan Portfolio (Bank)

## Total Loans



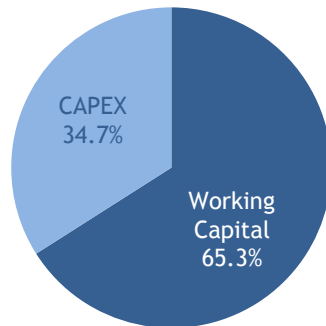
## Total Loans(Bank)

(KRW bn)	3Q14	QoQ%	2Q14	4Q13	YTD%
<b>SME</b>	<b>114,600</b>	<b>1.4</b>	<b>113,053</b>	<b>108,830</b>	<b>5.3</b>
Working Capital	74,845	0.8	74,259	71,952	4.0
CAPEX	39,755	2.5	38,794	36,878	7.8
<b>Household<sup>1)</sup></b>	<b>28,384</b>	<b>4.0</b>	<b>27,280</b>	<b>27,085</b>	<b>4.8</b>
General	16,131	3.4	15,596	15,042	7.2
Housing Loan	12,253	4.9	11,684	12,043	1.7
<b>Large Corp.</b>	<b>5,612</b>	<b>1.6</b>	<b>5,524</b>	<b>5,329</b>	<b>5.3</b>
Others	959	13.6	844	810	18.4
<b>Total</b>	<b>149,555</b>	<b>2.0</b>	<b>146,701</b>	<b>142,054</b>	<b>5.3</b>

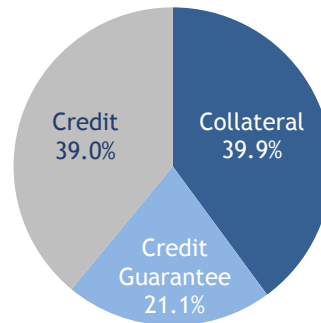
▪ Loan Portfolio : SME 76.6%, Household 19.0%, Large Copr.&Others 4.4%

1) 23.9bn of Credit Card Loans, 99.1bn of U-KHFC Loans & 9.5bn of Conforming Loans included

## SME Loans by Purpose



## SME Loans by Collateral



## SME Loans by Industry(Bank)

(KRW bn)	3Q14				2Q14	
	Amount	(%)	Change	(%p)	Amount	(%)
<b>Manufacturing</b>	<b>72,133</b>	<b>63.0</b>	<b>927</b>	<b>-</b>	<b>71,206</b>	<b>63.0</b>
Wholesale & Retail	18,467	16.1	15	-0.2	18,452	16.3
Real Estate Lease & Rental	6,740	5.9	254	0.2	6,486	5.7
Construction	4,548	4.0	83	0.1	4,465	3.9
Lodging & Dining	1,115	1.0	46	-	1,069	1.0
Others	11,597	10.0	222	-0.1	11,375	10.1
<b>Total</b>	<b>114,600</b>	<b>100.0</b>	<b>1,547</b>	<b>-</b>	<b>113,053</b>	<b>100.0</b>

▪ SME Loans (including Loans in FCY)

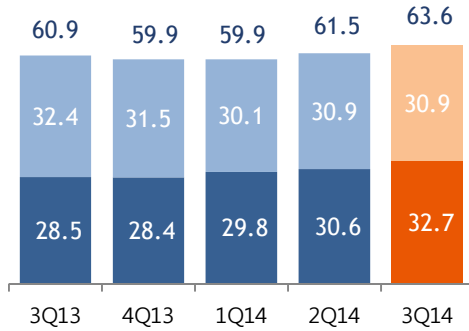


# Deposit Structure (Bank)

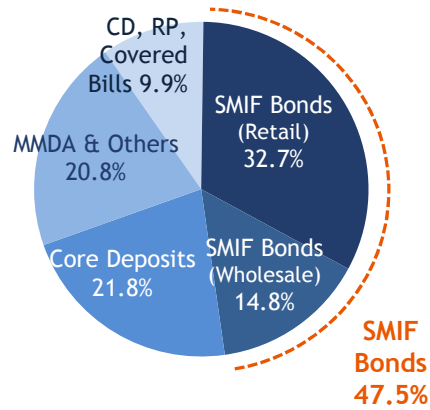
## Deposits

(KRW tr)

■ Core Deposits ■ MMDA+Others



## Deposit Breakdown



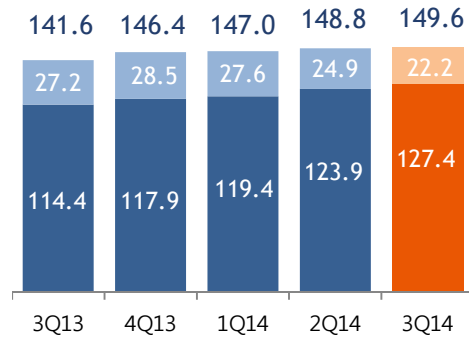
## Total Deposits(Bank)

(KRW bn)	3Q14	QoQ%	2Q14	4Q13	YTD%
<b>Deposits</b>	<b>63,629</b>	<b>3.4</b>	<b>61,510</b>	<b>59,898</b>	<b>6.2</b>
Core Deposits <sup>1)</sup>	32,684	6.7	30,626	28,383	15.2
MMDA	7,637	-1.2	7,731	8,225	-7.1
Other Deposits	23,308	0.7	23,153	23,290	0.1
<b>CD, Covered Bills, RP</b>	<b>14,854</b>	<b>5.1</b>	<b>14,131</b>	<b>15,065</b>	<b>-1.4</b>
<b>SMIF Bonds</b>	<b>71,106</b>	<b>-2.8</b>	<b>73,117</b>	<b>71,485</b>	<b>-0.5</b>
Retail-funded	48,909	1.6	48,145	42,987	13.8
Wholesale-funded	22,197	-11.1	24,972	28,498	-22.1
<b>Sub Total</b>	<b>149,589</b>	<b>0.6</b>	<b>148,758</b>	<b>146,448</b>	<b>2.1</b>
Trust <sup>2)</sup>	11,396	-13.0	13,102	14,457	-21.2
<b>Total Deposits</b>	<b>160,985</b>	<b>-0.5</b>	<b>161,860</b>	<b>160,905</b>	<b>0.0</b>

## Funding Breakdown

(KRW tr)

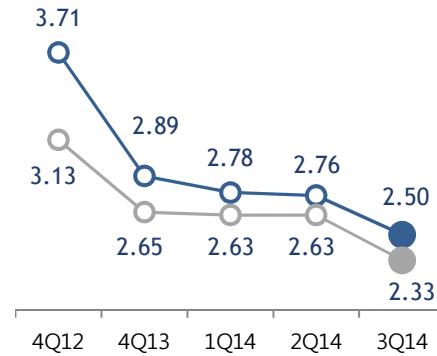
■ Retail-funded ■ Wholesale-funded



## SMIF Bonds Yields

(%)

○ Retail ○ Wholesale



▪ Based on SMIF Bond with 1 year maturity

▪ Monthly average B/S balance

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

2) Money Trust (excluding fund sales)



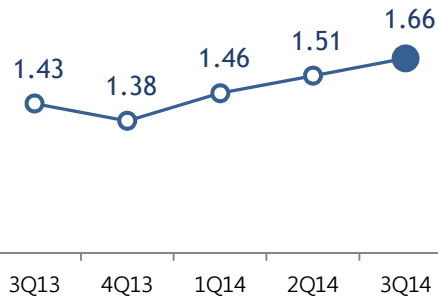
## **IV** Asset Quality (Bank)

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



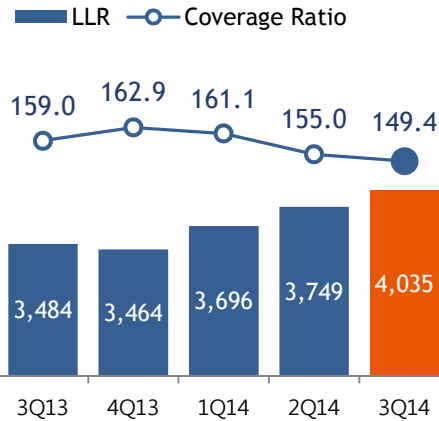
# Asset Quality (Bank)

## Substandard & Below (%)



## LLR & Coverage Ratio

(%) (%, KRW bn)

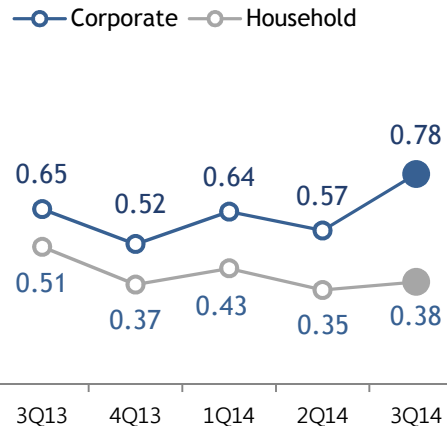


## Substandard & Below(Bank)

(KRW bn)	3Q14	QoQ%	2Q14	3Q13	YoY%
<b>Total Loan<sup>1)</sup></b>	<b>162,613</b>	<b>1.8</b>	159,794	153,380	<b>6.0</b>
Normal	157,341	1.5	155,060	148,648	5.8
Precautionary	2,571	11.1	2,315	2,542	1.1
Sub. & Below	2,701	11.7	2,419	2,190	23.3
<i>Substandard</i>	1,867	6.3	1,756	1,610	16.0
<i>Doubtful</i>	254	0.0	254	232	9.5
<i>Estimated Loss</i>	580	41.8	409	348	66.7
<b>Sub. &amp; Below Ratio</b>	<b>1.66%</b>	<b>0.15%p</b>	1.51%	1.43%	<b>0.23%p</b>
Loan Loss Reserves <sup>2)</sup>	4,035	7.6	3,749	3,484	15.8
<b>Coverage Ratio</b>	<b>149.4%</b>	<b>-5.6%p</b>	155.0%	159.0%	<b>-9.6%p</b>
Write-offs (Quarterly)	128.4	-45.7	236.6	123.7	3.8

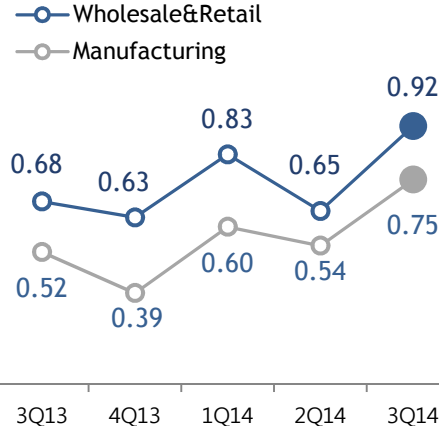
## Delinquency by Operation (%)

(%)



## Delinquency by Industry (%)

(%)



▪ Principal or Interest of +30 days past due

▪ Principal or Interest of +30 days past due

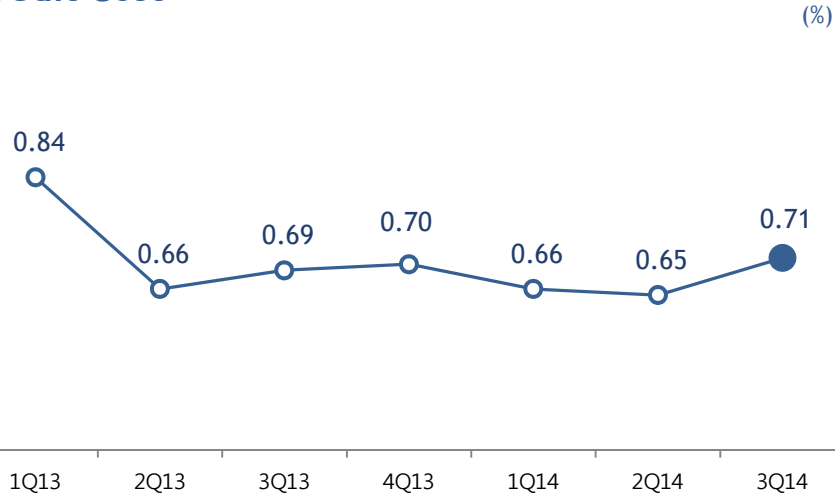
1) Total Credit

2) KRW 1,851.9bn of Reserve for Credit Loss included

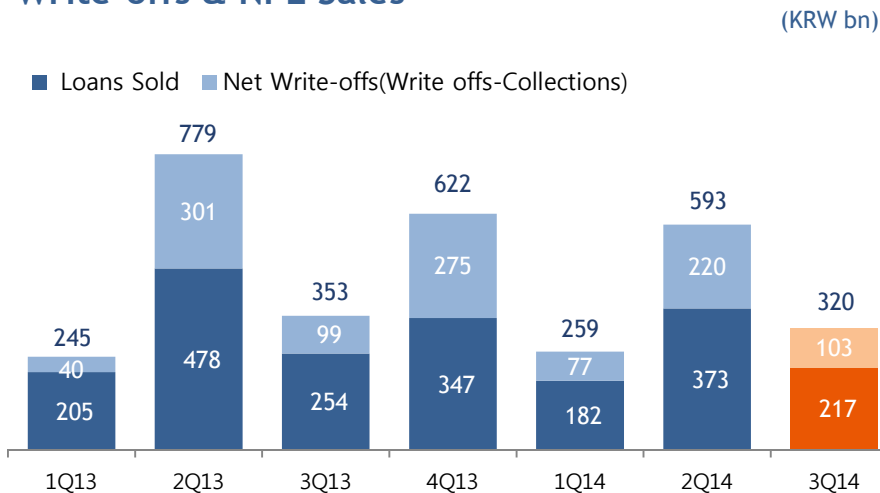


# Provisioning (Bank)

## Credit Cost



## Write-offs & NPL Sales



## Provisioning(Bank)

(KRW bn)	3Q14	2Q14	1Q14	4Q13	3Q13
<b>Corporate</b>	<b>388.1</b>	<b>308.2</b>	<b>237.1</b>	<b>323.6</b>	<b>310.4</b>
Provisioning	386.0	311.7	241.4	318.7	311.0
Unused Credit Line	2.1	-3.5	-4.3	4.9	-0.6
<b>Household</b>	<b>15.0</b>	<b>16.5</b>	<b>11.1</b>	<b>7.5</b>	<b>14.4</b>
Provisioning	15.0	16.5	11.1	7.6	14.8
Unused Credit Line	0.0	0.0	0.0	-0.1	-0.4
<b>Credit Card</b>	<b>16.2</b>	<b>8.0</b>	<b>14.9</b>	<b>14.2</b>	<b>13.8</b>
Provisioning	15.0	12.2	14.5	13.5	12.4
Unused Credit Line	1.2	-4.2	0.4	0.7	1.4
<b>Sub Total</b>	<b>419.3</b>	<b>332.7</b>	<b>263.1</b>	<b>345.3</b>	<b>338.6</b>
Recoveries & Other Provisioning	-65.4 <sup>1)</sup>	-77.9	-5.7	-63.7	-41.2
<b>Net Provisioning</b>	<b>353.9</b>	<b>254.8</b>	<b>257.4</b>	<b>281.6</b>	<b>297.4</b>

1) Write-back from NPL Sales (KRW65.9bn) included



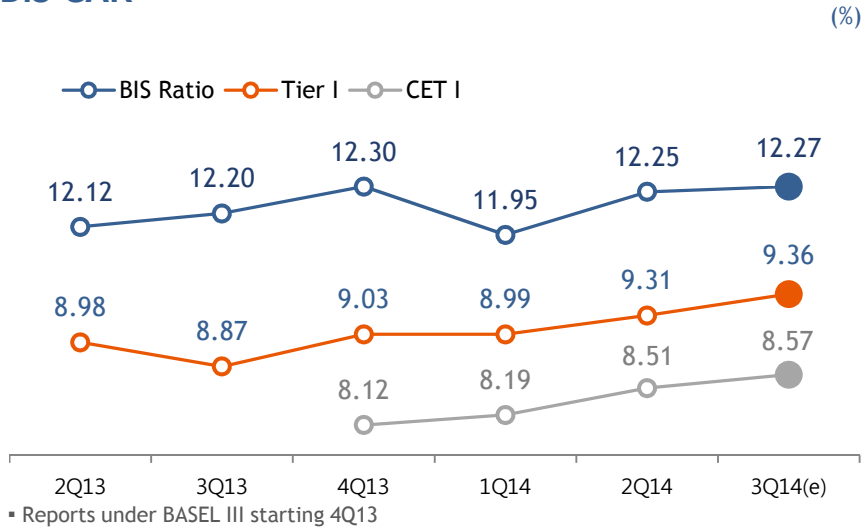


## **V Capital Adequacy (Consol.)**

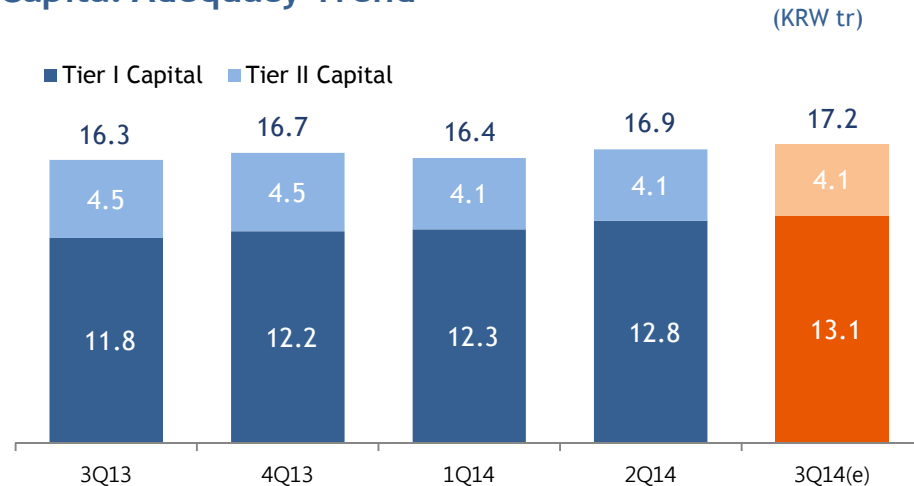


# Capital Adequacy (Consol.)

## BIS CAR



## Capital Adequacy Trend



## Capital Adequacy & BIS CAR

(KRW bn, %)	3Q14(e)	2Q14	1Q14
<b>Tier I</b>	<b>13,142</b>	<b>12,864</b>	<b>12,344</b>
<b>Common Equity Tier I</b>	12,043	11,767	11,248
Common Shares Issued	2,763	2,763	2,763
Stock Surplus	502	502	497
Retained Earnings	10,336	10,082	9,812
Accum. Other Comprehensive Income	602	506	460
<b>Additional Tier I</b>	1,099	1,097	1,096
<b>Tier II</b>	<b>4,086</b>	<b>4,071</b>	<b>4,072</b>
LLR	442	438	450
Provision in excess of Expected Loss	582	571	560
Subordinated Bonds	3,062	3,062	3,062
<b>Total</b>	<b>17,228</b>	<b>16,935</b>	<b>16,416</b>
Risk-Weighted Assets	140,460	138,234	137,330
<b>BIS Ratio</b>	<b>12.27</b>	<b>12.25</b>	<b>11.95</b>
Tier I	9.36	9.31	8.99
CET I <sup>1)</sup>	8.57	8.51	8.19
Tier II	2.91	2.94	2.96

1) Common Equity Tier I



## **VI** Appendix

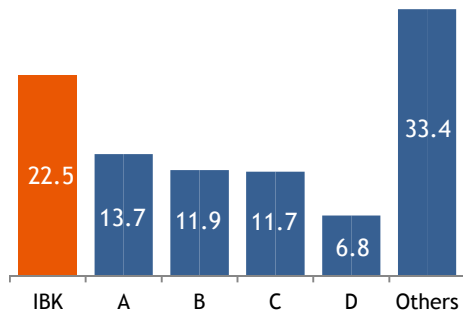
- SME Loan & SMIF Bond Details



# SME Loan & SMIF Bond Details

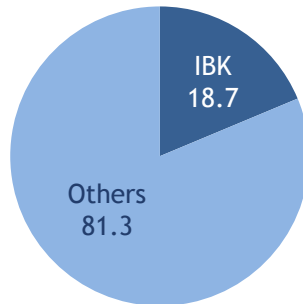
## SME Loan

**SME Market Share I** (%)  
by Outstanding Total Balance



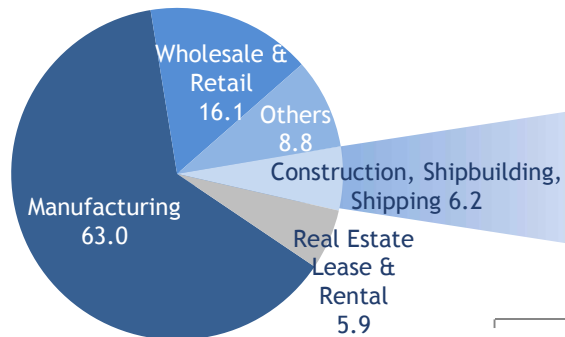
- BOK reported standard
- 3Q14 SME loan balance by banks

**SME Market Share II** (%)  
by Loans Extended in 3Q14



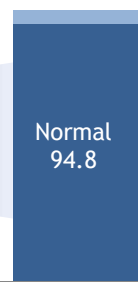
- BOK reported standard
- 3Q14 Net growth of SME loan by banks

**SME Loans by Industry** (%)



**Asset Quality Breakdown** (%)

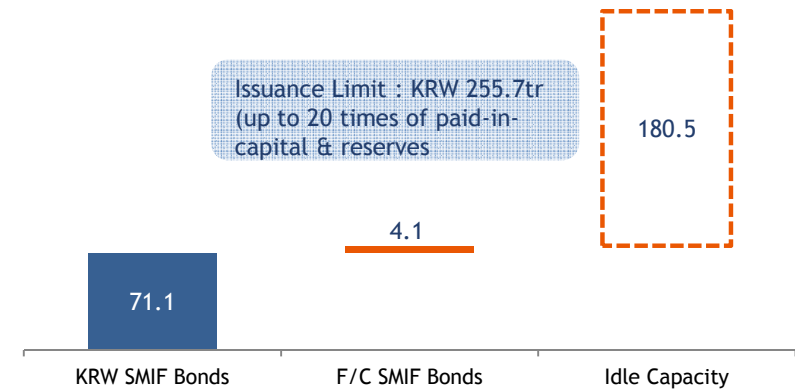
Precautionary & Below  
5.2



3Q14

## SMIF Bond

**SMIF Bond Bal. & Issuance Limit** (KRW tr)



**SMIF Bonds by Maturity**

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	62.4	3.8	0.7	0.3	3.9	71.1
%	87.8%	5.3%	1.0%	0.4%	5.5%	100.0%

- Monthly average B/S balance(KRW)